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Corporate shuffling puts execs on street

Talent glut hits consolidating market

By Gary S. Ruderman

News Analysis

NATIONAL REPORT — The recent departure by Fritz Braymen from the chief operating officer post at Westlake Hardware adds yet another name to the growing list of more than a dozen senior executives looking for work in the home center industry.

This recent spate of executive firings, layoffs and resignations over the past several months raises the question, asked every few years, whether there's a talent glut on the market. Ironically, this current crop of free agents is job searching in an industry, that, according to most retailers, is crying for quality executive talent.

However, these officials are competing in a market in which consolidation has reduced the number of executive positions available. In addition, they are faced with the prospects of soliciting interviews with companies whose bottom line constraints can't absorb a lot of high-priced talent.

Consequently, experts believe that a number of long-time vps and general merchandise managers currently on the street are accepting positions well below their previous employment.

Well-known names available

The industry has gone through corporate reshuffling in the past, which has dunked some very high profile executives back into the job pool. But you'd be able to staff a good-sized chain with the talent that's out there this go-round, including:

- Jack Edwards, president of the Builders Emporium chain;
- Sean Lee, president of California-based HomeClub;
- George Poulos, president of Lampert Lumber in St. Paul, Minn.;
- Jud Walford and Frank Powers, two executive vps at Builders Square;
- Bill Martin and Bernie Eisenberg, two senior vps at Channel;
- Tom Cawley, president of Lloyd Home and Building Centers (who has since taken a position as a divisional merchandising manager at Rickel Home Centers); and
- a number of senior executives at Scotty's, including its president, chairman and executive vp.

Braymen, who joined Westlake as a buyer in 1977 and rose to the post of general manager and coo two years ago, tendered his resignation last month to Westlake's board. Braymen's move was prompted by Westlake's decision to seek a new ceo from outside the company. Westlake's president and ceo, Scott Westlake, resigned earlier in the year.

Change forces turnover

As much as it might be perceived as a buyers' market for senior talent, senior executives and executive placement experts wonder whether, in a period of industry consolidation, prospects for finding comparable positions in the home center field might be more problematic.

It's not that home centers aren't looking for new blood. Chains such as 84 Lumber and Erb Lumber are actively seeking executive talent from outside their corporate ranks. But most companies have the luxury of being picky these days, regardless of who's available. 84 recently chose to promote 15-year company vet Doug Murdoch to a new post of executive vp. And Erb Lumber's search to find a new president has been unsuccessful.

"It's hard to find top quality," explained Fred Erb, chairman of the diversified Michigan-based chain.

Home center retailers are facing more competition and boards are demanding immediate changes. Norman Zarkin, managing partner at E. J. Rhodes, a national executive search and placement firm in New York, said the recent ceo/coo turnover is indicative of an industry being forced to change more quickly than expected.

He said that turnover is a result of management's rushing "to raise profitability against the invading hordes of competition. Boards are far more requiring of their assets and strategies.

"There is no time for the evolution of change. Now it's the revolution of change," Zarkin said.

Executives leave Pay 'N Pak, Builders Emporium and Channel. See page 6.

ANNUAL CENSUS

BUILDING PRODUCTS WHOLESALERS

ANNUAL CENSUS: BUILDING PRODUCTS WHOLESALERS: The 93 building products distributors whose sales exceeded $25 million last year together produced more than $19 billion in total volume, which represented about an 8 percent gain.

But dominance at the top by G-P and Weyerhaeuser, expansion through mergers by firms like Sequoia Supply and Huttig Sash & Door, and encroachment by the hardware co-ops have distributors scrambling for new business through broader services and product lines. See page 13.

Babbitt Bros. enters 100th year with reinvigorated bottom line

By Brad Altman

FLAGSTAFF, Ariz. — "We're back on track and heading in the right direction," said Jim Babbitt, vp-administration for Babbitt Brothers Trading Co.

Proof of that turnaround can be seen on Babbitt's bottom line, where total corporate operating income rose 60 percent and income from its building materials division jumped 85 percent. It is also the result of some crafty moves on the part of the chain's management, which has remodeled some stores, closed others and trimmed some of its product assortment.

The northern Arizona operator of home centers, grocery stores, Indian trading posts and cattle ranches marked its 100th anniversary in mid-May with much pomp and circumstance.

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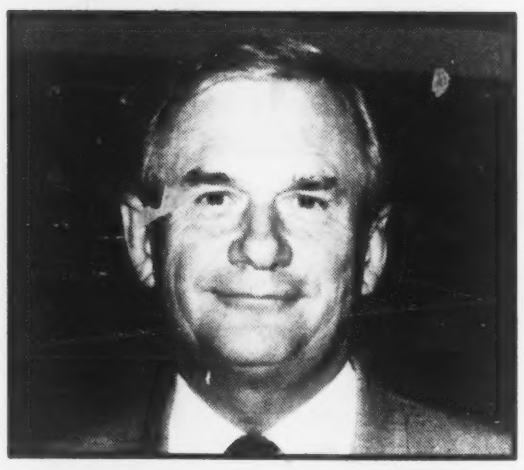

Bill Galis is the first ceo of Babbitt Brothers not to come from the family. NHCN photo

Radon products lose their glow as public's interest wanes

By Elizabeth Brent

Merchandising

NATIONAL REPORT — Dealers and suppliers alike are in a quandary about how to market products for an intangible gas that turns consumers' homes into a health hazard.

Radon gas is found in the soil and filters into homes through cracks in walls and foundations. It leads to an estimated 20,000 deaths a year through lung cancer, according to the Environmental Protection Agency.

But sales of gas testing and mitigation products have slumped since the initial burst of consumer enthusiasm for the merchandise that followed the Surgeon General's announcement last fall that all homes should be tested for radon.

"We're still dealing with public apathy on the radon issue," said Margot Oge, direc-

(Continued on page 55)

NEWSBREAKS

HOME DEPOT EYES BOSTON MARKET: The Atlanta chain is looking at southern New Hampshire and the Boston area, and plans to open up to 10 stores in New Hampshire and Massachusetts, according to Brian Kelly, retail commercial property specialist for Coldwell Banker, which has been retained to find sites for the chain.

The first stores are slated to open in 1990 when Hechinger will also open four stores in Boston.

INDUSTRY UPDATE

Stanley buys European vendor

NEW BRITAIN, Conn. — The Stanley Works agreed in April to purchase Rabone Chesterman Limited, a major European supplier of measuring tools, for $14 million.

Rabone, a wholly owned subsidiary of Bardsey PLC, is based in London and has factories in Birmingham and Sheffield, England. Its 1988 sales of about $20 million were primarily to customers in the United Kingdom, Europe and other English-speaking countries overseas.

Bardsey has manufacturing and distribution businesses as well as property and investment interests.

The purchase, which is subject to certain preconditions, including approval by Bardsey stockholders and by the U.K. Office of Fair Trading, fits into "Stanley's strategic plans for Europe 1992," the company said in a prepared statement.

AHMA seminar looks at Europe

WASHINGTON — The American Hardware Manufacturers Association (AHMA) will sponsor a seminar later this month aimed at giving U.S. suppliers insight into the European market, which is on the threshold of consolidation.

The two-day program is entitled "EC '92: Europe Without Borders." It will be held at the Georgetown University Conference and Guest House here on June 27-28.

Speakers at this conference include Charles Ludolph, the director of the Commerce Department's Office of European Affairs, International Trade Association; Michael Calingeart, a career Foreign Service officer and author of *The 1992 Challenge from Europe*; and Dr. Corrado Pirzio-Biroli, deputy head of the European Delegation in Washington.

The topics to be discussed will include product liability, strategic planning, an analysis of trade barriers before and after 1992, and an overview of European economic and political changes.

For further information, contact Bill Farrell, executive director of AHMA, (312)605-1025.

Home Depot's earnings rise 35%

ATLANTA — The Home Depot's earnings gained 35 percent to $25.9 million on a 44 percent sales gain to $641.5 million in the first quarter ended April 30.

Sales increased 12 percent on a comparable store-for-store basis. The chain operated 98 stores at the end of the quarter compared with 75 units in the same year-earlier period.

During this quarter, two new stores opened, one in Scottsdale, Ariz., and the other in North Haven, Conn. Four additional stores are scheduled to open in the second quarter in Atlanta; Monrovia, Calif.; Stuart, Fla.; and Tempe, Ariz.

LAT's exec. vp changes again

AUSTIN, Texas — Barbara Douglas has been named acting executive vice president—the senior staff position—for the Lumbermen's Association of Texas (LAT). This is the third change in that position in the last three years.

The employment contract of Winston Depew, who took the job in March 1988, was not renewed, Depew said. LAT officials could not be reached for comment. Depew took over from Joe Butler Jr., who was removed by the board in March 1988. Butler succeeded his father, Joe Butler Sr., who retired in 1987.

Depew said his May 3 dismissal was due to "economic conditions within the industry." The cost-saving measure, he said, was a result of declining LAT membership due to the closing of yards around the state. He knew the poor economic conditions existed when he took the position.

"Winston Depew's [salary] was the biggest liability the association had and the most quickly removed," he said from his Austin, Texas, home. The LAT operates with four full-time staff members.

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ServiStar signs deal with major supplier of building materials

By an NHCN staff editor

BUTLER, Pa. — ServiStar's dealer-members with stores on the East Coast are now able to choose from a wider selection of cedar and cargo lumber under a new agreement the buying group has recently established with MacMillan Bloedel Building Materials.

The pact, agreed to in early April, is one of several the co-op has entered into, or is about to enter, with major suppliers of building products.

Bernie Day, ServiStar's general manager for lumber and building materials, said MacMillan Bloedel will provide less-than-truckload quantities of commodities to ServiStar dealers, enabling them to mix and match with large-shipment commodities they receive from other suppliers.

Day said the arrangement could yield in the first year sales of $15 million to $20 million for MacMillan Bloedel, which is based in Atlanta and has distribution centers up and down the Eastern Seaboard.

"We're trying to fill the needs of our various customers," said Day, adding that the partnership was formed in response to increases in requests for cedar and cargo lumber on the East Coast.

ServiStar supplies hardlines to some 3,800 stores throughout the U.S. But Day said it is the close to 1,400 lumber/home centers near the East Coast that would benefit most from this alliance, because their proximity to the Atlantic Ocean makes timely deliveries possible.

Cargo lumber, which usually includes green lumber and spruce, are commodities unloaded from ships.

(Continued on page 56)

NRHA proposes dues hike as reorganization cuts services

By Gary S. Ruderman

INDIANAPOLIS — The National Retail Hardware Association (NRHA) will seek a dues hike, its first in more than 88 years, at its annual convention next month in Toronto.

The dues hike proposal comes on the heels of a restructuring at the association last month that eliminated the NRHA's cooperative advertising rebate program for most of its members, its store planning office and several manufacturer-oriented programs.

The association's headquarters here has also been up for sale since October, according to one listing broker, Tucker Colliers, Inc. in Indianapolis. The asking price is $3.4 million for the 45,000-square-foot building on seven acres of land. (A Dun & Bradstreet report quotes the NRHA as owning a 60,000-square-foot building. *NHCN* was unable to reconcile the inconsistency).

"We're cutting back. We don't need that much help anymore," explained NRHA president Edward Saunders, following word that 20 employees were cut from the association's 72-member headquarters staff here.

"We've taken the retail charter and focused on retail services and programs. As a result, the marketing support service for manufacturers and wholesalers is not inherently part of a trade association" for retailers, said Saunders, who is also president of Saunders Hardware in Miami.

NRHA's main functions are education, lobbying and research for its 23,000-member retailers who operate stores in 19 states and in Canada, and for regional affiliates. It also

(Continued on page 58)

Sale of Williams Brothers off; owner appoints new exec. team

By Tim O'Malley

ATLANTA — The deal to sell the lumber division of Williams Brothers Lumber Co. is off. The chain's owner, Blue Circle Holdings Inc., has made major personnel changes in an apparent move to show it now intends to keep the division.

Financing problems were blamed for WBL Acquisitions Holdings Ltd. not being able to meet the agreement it had made in March to buy the division. The deal would have included eight lumber/home improvement stores, a saw mill, a door and window shop, a press mill and two wholesale distributors.

The deal was supposed to be finalized in early May, according to Frank Larkin, marketing director for Blue Circle. He said WBL had asked Blue Circle for two time extensions, and for a series of concessions, before withdrawing.

WBL is a new company comprised of BaseLine Capital Corp. and R. Duggan & Associates. Calls to their officials went unreturned, but Larkin said, "My understanding is that one of their big backers pulled out."

Management shakeup

With the sale off, Blue Circle quickly put in place a new management team at the lumber division. They include Jerry Johnson, who will take over as executive vp of the division, and David Marsh, who becomes vp-operations. Johnson was formerly chief financial officer of Williams Bros. and Marsh was a vp with Blue Circle.

The division's longtime vp-operations, Jim Stansberry, simultaneously resigned. Larkin said Blue Circle had made Stansberry's departure "appealing" after a long and physically exhausting tenure overseeing the division. "He was doing an excellent job with no direction," said Larkin.

Larkin did not dismiss the possibility that the division would still be sold if a serious offer were made. For now,

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EDITORIAL

Retailers gang up on LBM wholesalers

Here are a few interesting verbatim quotes:

- "Loyalty is disappearing. Each sale must stand on its own."
- "Pricing is the biggest factor. Customers want more and more service, but are not willing to pay for it."

Ken Schept
NHCN Editor

These quotes sound like retailers railing about DIYers, but that's not the case. Rather, retailers are the object of these complaints, which were made by building products distributors.

Business has been challenging for this segment of the industry during the past few years. Many retailers decided there was money to be saved in buying direct from manufacturers, and those willing to pay for services have often turned to co-ops.

But the review of building products distributors in this issue suggests that this group has been fighting back with some success. Growth for the top companies was about 8 percent last year, roughly equal to the increase experienced by retailers. But the numbers don't tell the whole story.

A lot of time and money have been invested in computerization, education, and in merchandise shifts from commodity to specialty products. Distributors are confident that these investments will pay off.

They overwhelmingly expect their customers to increase reliance on wholesale distributors during the next few years, according to a poll conducted by the National Building Material Distributors Association exclusively for *National Home Center News*.

Sustained success for building products distributors will depend on the extent to which they can offer service and value to retailers who also feel under the gun.

* * *

This issue completes the annual *National Home Center News* statistical review of the industry. Three successive issues were devoted, respectively, to full-line hardlines wholesalers, retailers and building products wholesalers.

The lists of industry leaders included 300 U.S. retailers; 70 international retailers from Britain, France, Germany, Japan and Canada; and 168 wholesalers for a total of 538 companies.

That's a lot of phone calling or, these days, faxing. The size of this effort reflects the commitment at *National Home Center News* to serving our readers.

It also reveals our methodology, which is simple: Be in constant contact with the industry—retailers, manufacturers and wholesalers—in order to learn the news and understand its implications.

That approach consistently makes *National Home Center News* the first place to turn for industry news and analysis.

We would like to thank you for your regular assistance and, in particular, for the cooperation we received while gathering information for what we believe is the most useful and comprehensive statistical view of the industry.

—Ken Schept

COMMENTARY

Monoliths don't intimidate small guys

The retail home improvement business may be fragmented. A wide range of companies divvy up hardlines distribution. But when it comes to building products wholesaling, it's Georgia-Pacific and Weyerhaeuser, and then the rest of the guys.

John Caulfield
NHCN Executive Editor

The full Nelson the industry's two forest products giants have on building products distribution is enough to depress any competitor; how would you feel if only two companies in your business were taking more than $2 out of every $5 generated?

But when one talks with the industry's second tier of building products distributors, there isn't that sense of dread one hears from retailers every time a major chain moves into their markets.

The reason, I suspect, is that commodities wholesalers went through as close to a depression as any one segment of this industry in the early 1980s, so they are less prone to get rattled by consolidation or price cutting or the prospect of going head to head with the monoliths.

Most distributors would like to forget those days of 1981 through 1984, when the industry's umbilical cord was firmly attached to a housing market whose vital signs were barely audible. Home building fell to a low of 1.3 million starts in December 1982, and the distribution pipeline was flooded with products no one could use.

The situation was bleak enough for the president of one Midwest distributor to assure me he hadn't jumped out of the window "yet" when I asked him how business was.

Over the following four years, though, many of these distributors discovered that servicing the home improvement market was not only a way out of their cyclical malaise, but also was pretty fair business on its own. In fact, it was the distributors who recognized this trend before contractor-oriented dealers, many of which have since begun catering to consumers. More recently, when retail-oriented dealers began going after remodelers, building products distributors were positioned to reap the rewards.

The home building industry is currently in the same boat it was six years ago: the seasonally adjusted totals for April were 1.36 million new units. But panic is the farthest thing from most distributors' minds; in fact, many are thriving primarily because they've been able to switch their companies away from home building and more towards the home improvement sector. And that segment moved closer towards these distributors, too.

This is evident almost everywhere. Wood sold for remodeling and repair is now about equal to that sold for home building. Products that 10 years ago would never have been made it at retail—particularly in the millwork area—are now commonly found in home improvement centers. In many ways, distributors can take credit for this product expansion.

This isn't to say that life's a bed of roses for commodities wholesalers. A survey of its members conducted for *NHCN* by the National Lumber and Building Materials Association still finds them anxious about mergers, making money in a low-margin world, and competing against the hardlines co-ops' expansion into building products distribution. And the specter of G-P and Weyerhaeuser still looms over the industry like the World Trade Center that gets bigger every year.

But building products distributors are a resilient lot. They're finding new ways—some way—to survive.

—John Caulfield

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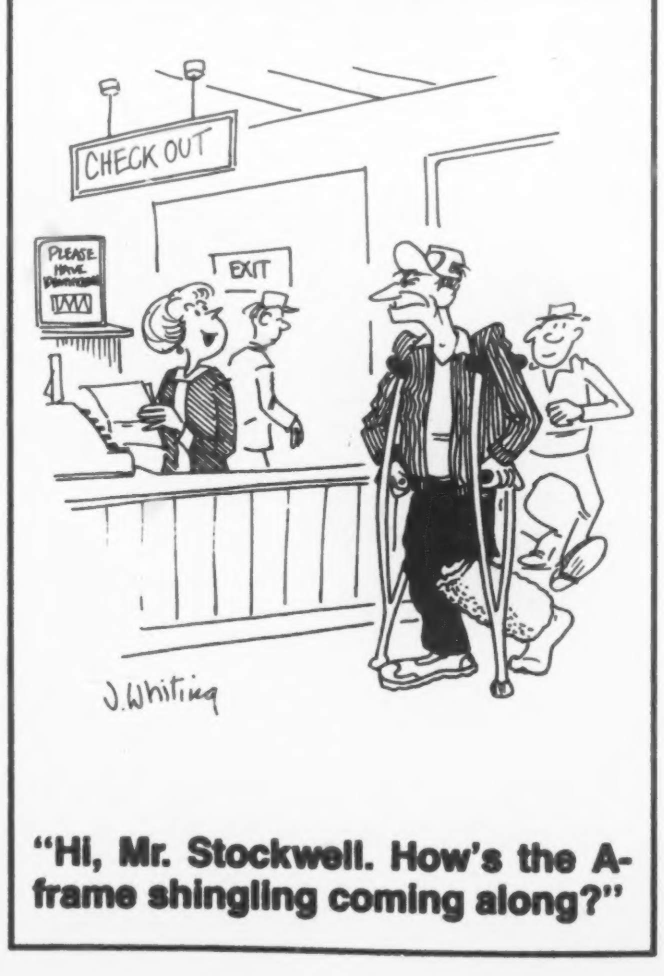

"Hi, Mr. Stockwell. How's the A-frame shingling coming along?"

ANNUAL CENSUS

BUILDING PRODUCTS WHOLESALERS

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Building products wholesalers feel squeeze in a crowded field

Smaller companies turn to better service and added incentives to stay alive

By Tim O'Malley

Building products wholesalers are facing tough times due to increasing competition from manufacturers with distribution arms and from both hardlines and building materials co-ops.

Small- and mid-sized distributors are fighting back by expanding their services, which have come to include everything from providing training for salespeople to installing computer terminals to keep dealers up to date on inventory levels.

These efforts, though, come at a time when the gulf between the big and small players in building products distribution is widening. "We're seeing a polarization of the industry," said Mark Kasper, executive vp of Amerhart Ltd., a mid-sized wholesaler in Green Bay, Wis. "The small, specialty operators on one side and the Georgia-Pacifics and the Weyerhaeusers on the other."

Proof of Kasper's claim came right from the horse's mouth, as the distribution division of Georgia-Pacific accounted for nearly two-thirds of G-P's $9.5 billion total sales volume last year, $2 billion more than the division generated from wholesaling in 1987.

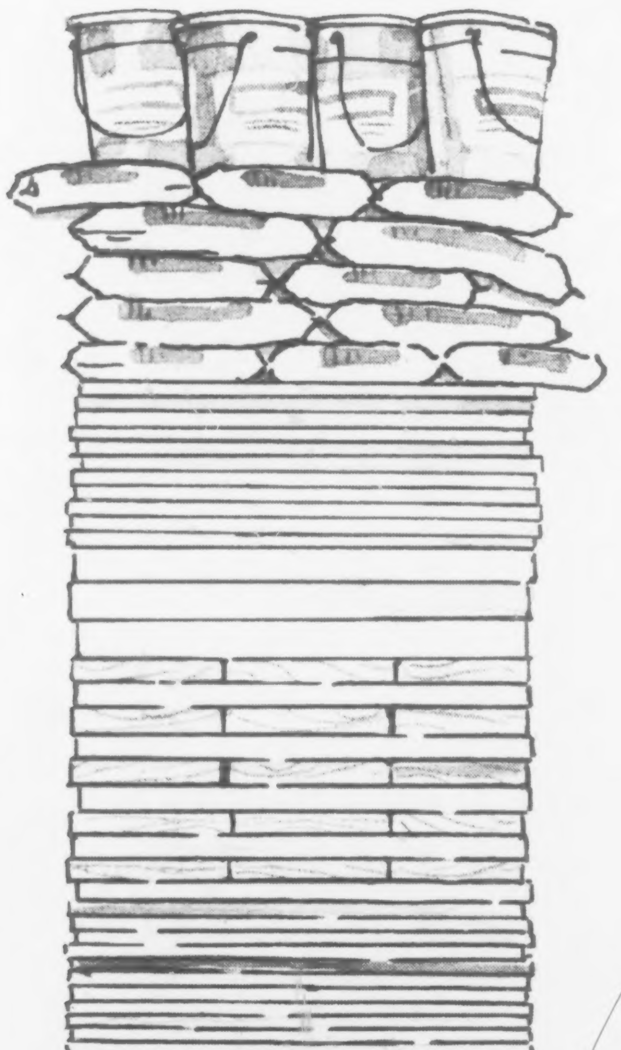
Meanwhile, two hardlines buying groups—HWI and ServiStar—billed their dealer-members for nearly $1 billion in lumber and building materials sales last year, products distributed through a network of small and large commodities wholesalers with which the co-ops have aligned.

"Today, every sale is a fight," said David Bernstein, owner of Mid-State Lumber in Branchberg, N.J., who indicated that service may be the key to survival. "We can get a delivery out in two days, and not many competitors can claim that yet."

ANNUAL CENSUS

BUILDING PRODUCTS WHOLESALERS

Service becomes key to success as big players crowd the market



That "fight" is taking place on a battlefield where consolidation and expansion are the latest weapons. "You need to get big," advises one Florida distributor who has increased from 25 distribution centers to 114 in 10 years.

Like that distributor, Ply-Gem Industries, already one of the East Coast's biggest commodities wholesalers, last year acquired the $100 million SNE Enterprises, which specializes in millwork.

And Irvine, Calif.-based Sequoia Supply plans to add 12 distribution centers—all on or near the Atlantic Seaboard—to its 33-DC empire by year's end through its acquisition of Grip-Rite Corp.

Survival 'tactics'

Consequently, some building products wholesalers are scrambling to find a niche by, for example, seizing on an unusual commodity. Others seek to piggyback with co-ops in their own market as well as other markets, to offer dealers broader products and services.

Kasper of Amerhart, which itself concentrated on expanding its national accounts program in 1988, said that with another four distribution centers, his operation could break out of the limitations of operating locally and target regional business. This pays off particularly when the customers are large retail chains with several locations, he said.

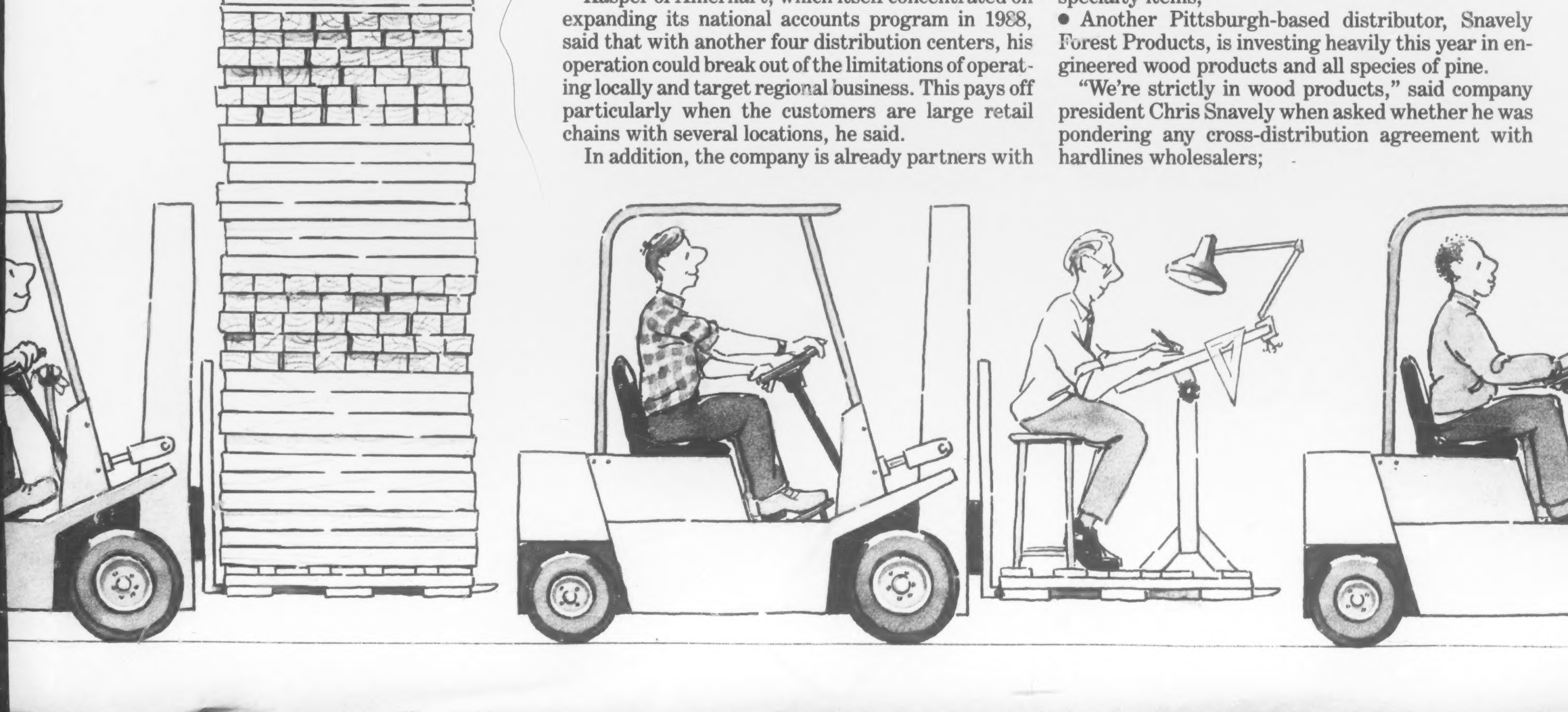
In addition, the company is already partners with two building materials co-ops—the Lumberman's Merchandising Corporation (ELMCO) and Progressive Affiliated Lumbermen (PAL)—and it is actively seeking alliances with hardlines distributors.

Speaking as if Amerhart needed to keep running to avoid being swallowed up by larger distributors, Kasper said, "We did $50 million in business last year, but I'm not sure that makes us safe at all."

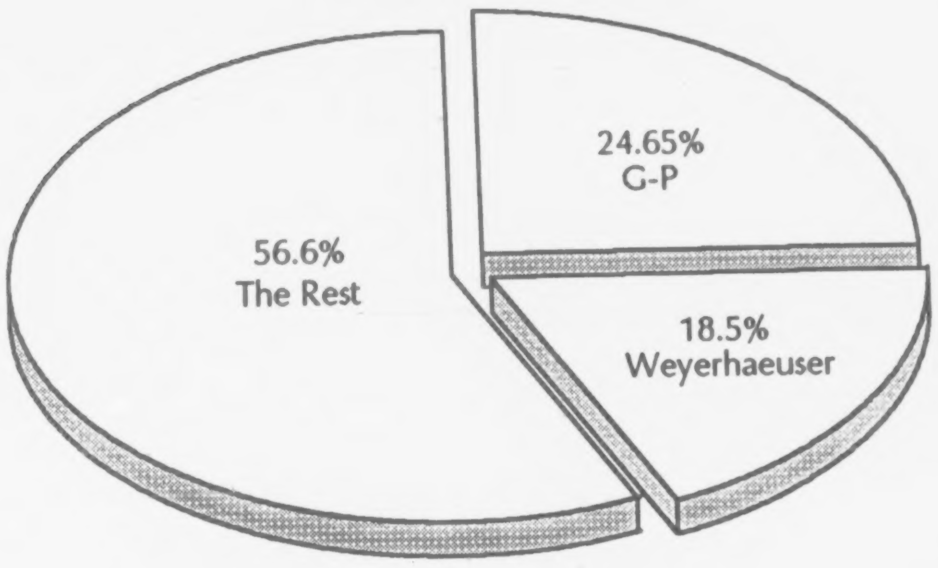
Survival techniques by other companies take many forms:

- Iron City Sash and Door in Pittsburgh is looking to equip a third of its 1,000 dealer-stores with personal computers by the end of the year. Aimed at keeping customers abreast of Iron's City's inventory position, the computers, at least in theory, increase orders;
- Schultz, Snyder & Steele Lumber Co., Lansing, Mich., has "de-emphasized" dimensional lumber in favor of specialty products. George Miller, vp-finance, said the company did not have to compromise gross margins because of the large markup on the specialty items;
- Another Pittsburgh-based distributor, Snavely Forest Products, is investing heavily this year in engineered wood products and all species of pine.

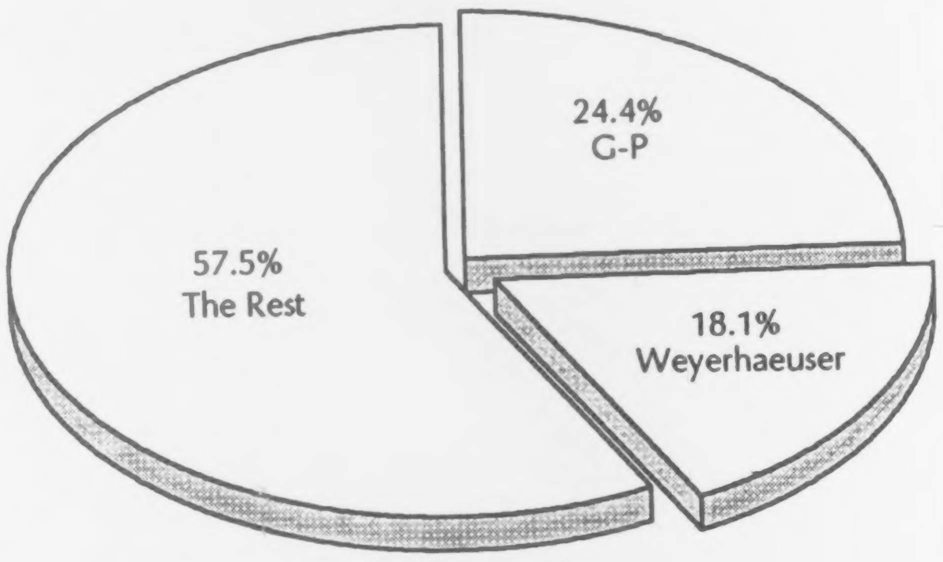
"We're strictly in wood products," said company president Chris Snavely when asked whether he was pondering any cross-distribution agreement with hardlines wholesalers;



1988
Totals - $19.1 billion



1987
Totals - $17.6 billion



- Tewksbury, Mass.-based wholesaler Holt and Bugbee has just built a mill that is expected to triple its production of hardwoods this year to 21 million board feet.

Riding out rough times

Along with taking more creative steps, wholesalers seem to be placing greater emphasis on traditional business values.

"Service is our strongest suit," said H. A. Almond of the Tampa, Fla. wholesaler Booker & Co. "Unlike the big boys, we're independent—we move fast and we're not tied down by bureaucracy."

Almond said he has turned down several offers to sell his business, which has been off 10 percent in sales each year for the last three.

"We're hanging in there," he said, "trying not to get dismayed" by competition from industry leaders like Georgia-Pacific.

The importance of service was echoed by Bernstein of Mid-State Lumber Co. He said factors like quality and reliability distinguish his operation from the best of what co-ops and manufacturers can offer—low prices.

Mid-State is also relying on unusual timber products, such as fire treated lumber or camphor cedar, to generate more business. "You've got to keep in touch with the market," he said.

In the Green Bay area, according to Kasper of Amerhart, three small- to mid-range distributors have folded in the last two years, largely because they were ignorant of the rapidly changing market.

Seeing the writing on the wall, Kasper said, smart wholesalers have been successfully riding out the rough times by selling specialized products like pre-hung doors, prefinished paneling, ceiling tiles or special types of molding.

Taking the sale of specialty products one step further, Lumberyard Supply Co. of St. Louis offers seminars to dealers on selling everything from paneling to ceiling tiles. Fifty percent of the company's business is in repair and remodeling products.

Still, according to the distributor's vp Robert Sparks, the St. Louis market is more competitive these days because it has been crowded by rural operators seeking business. "Housing starts are down in the sticks, so they have to look elsewhere," he said.

The downturn in new home construction plays right into the hands of some operations like Ply-Gem and Sequoia, which have heavy investments in repair and remodeling products.

Environmental impediments

Ply-Gem has stepped up its inventory of windows with the apparently well-calculated acquisition of SNE Enterprises.

> ‘Service is our strongest suit. Unlike the big boys, we're independent. We move fast and we're not tied down by bureaucracy.’
>
> —**H. A. Almond,**
> *president,*
> *Booker & Co.*

"The energy crisis and the consumers' love for light inside their homes has really helped us," said Ply-Gem spokeswoman Diane Cady. But she adds that rising interest rates could force a reduction in home-equity loans. "We're cautiously optimistic."

However, Paul Hylbert of Sequoia Supply believes the home repair market will remain indefinitely stronger than the home construction industry.

He said what is more in doubt, at least for West Coast-based wholesalers, is the impact of environmental issues on the lumber and building materials industry.

The controversy over the creation of a habitat for spotted owl, for one, is expected to cause mill closings, price hikes and market shortages (*NHCN*, May 22). And there are some indications that similar environmental movements could spring up in Texas and Arizona.

Over the long run, said Hylbert, this issue alone could change the face of the industry in the West.

Globalized market

But domestic environmental concerns could play a less significant role in shaping the building products distribution industry than the globalization of the market itself, as a number of company executives reported stiffer competition coming from wholesalers here owned by British, French and Canadian operators.

As one Florida wholesaler put it, "It's not that they're any better at our business. They just make for more players out there."

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ANNUAL CENSUS

BUILDING PRODUCTS WHOLESALERS

The Top Building Products Distributors

Rank 1988	Rank 1987	Company Name	Annual Sales $ Millions 1988	1987	% Change 1987-1988	Number of Distribution Centers 1988	1987	Avg. Inventory Carried in $ Mil 1988	1987	Number of Active Accounts 1988	1987	% of Sales From Home Centers 1988	1987	Number of Trucks 1988	1987	Number of Employees 1988	1987
1	1	**Georgia-Pacific,** Atlanta	4,700	4,300	9.3	144	153	375	350	44,000	40,000	80	80	1,325	1,100	4,640	4,200
2	2	**Weyerhaeuser,** Tacoma, Wash.	3,536	3,200	10.5	57	63	NA	NA	28,000	30,000	14	NA	NA	NA	20,000	15,000
3	3	**North Pacific Lumber,** Portland, Ore.	544	566	−3.9	27	25	NA	NA	7,000	7,000	37	50	NA	NA	373	366
4	4	**Hughes Supply,** Orlando, Fla.	501	432	16.0	114	114	89	NA	10,000	10,000	NA	NA	400	400	2,200	2,200
5	7	**Huttig Sash & Door,** Chesterfield, Mo.	470	351	33.9	67	43	90	62	13,000	8,000	NA	NA	275	160	2,340	1,780
6	5	**MacMillan Bloedel Building Materials,** Atlanta	425	400	6.3	17	17	NA	NA	6,800	6,800	45	40	140	127	315	302
7	8	**Ply-Gem Industries,** New York	384	313	22.7	35	30	NA	NA	3,000	2,200	NA	NA	NA	NA	1,852	1,700
8	6	**Universal Forest Products,** Grand Rapids, Mich.	354	376	−5.9	25	20	NA	NA	350	NA	50	40	48	40	1,550	1,566
9	12	**Morgan Distributors,** Mechanicsburg, Pa.	312	281	11.0	11	11	38	35	4,500	4,500	35	35	94	94	899	890
10	13	**Allied Building Products,** East Rutherford, N.J.*	310	281	10.3	35	34	NA	NA	15,000	15,000	10	10	300	NA	1,000	873
11	11	**Canfor Building Materials,** New Westminster, B.C.**	300	286	4.9	21	21	NA	NA	NA	NA	85	85	NA	NA	NA	NA
12	9	**Furman Lumber,** Boston[1]	291	306	−4.9	13	13	27	25	9,350	9,000	30	30	34	34	313	374
13	14	**Sequoia Supply,** Irvine, Calif.	285	275	3.6	33	33	34	32	9,881	10,102	75	75	153	148	741	722
14	15	**Adam Wholesalers,** Cincinnati	261	242	7.9	13	11	29	29	5,500	5,000	40	35	132	116	858	810
15	16	**Boise Cascade,** Boise, Idaho*	254	238	6.7	9	9	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
16	19	**Bradco Supply,** Avenel, N.J.	245	195	25.6	25	20	22	17	NA	NA	4	1	225	200	675	575
17	10	**International Paper,** Prairie Village, Kan.*	240	300	−20.0	17	21	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
18	17	**Palmer G. Lewis,** Auburn, Wash.	224	217	3.2	15	15	16	16	5,000	5,000	30	30	75	75	515	500
19	21	**Norandex, Inc.,** Cleveland	200	170	17.6	67	61	35	35	15,000	13,500	20	20	150	150	700	700
20	22	**ABC Supply,** Beloit, Wis.	200	170	17.6	68	57	NA	NA	50,000	34,000	21	21	500	450	700	607
21	18	**Owens-Corning Fiberglas Supply,** Toledo, Ohio	200	200	0.0	20	20	NA	NA	NA	NA	NA	NA	40	40	165	NA
22	28	**Bunzl Building Material Services,** Indianapolis[2]	190	140	35.7	30	25	NA	NA	8,000	6,000	80	80	100	90	450	375
23	24	**Pacific Coast Building Products,** Sacramento, Calif.	168	148	13.5	20	20	NA	NA	NA	NA	100	100	NA	NA	2,000	2,000
24	23	**Western International Forest Products,** Portland, Ore.	164	150	.3	1	1	3	3	900	850	40	30	0	0	125	120
25	20	**Cascade Empire,** Portland, Ore.	161	173	−6.9	NA	NA	NA	NA	1,200	700	NA	NA	NA	NA	51	55
26	27	**Green Forest Lumber,** Toronto**	156	140	11.4	4	3	14	12	300	200	NA	NA	2	2	230	230
27	26	**Hager Group,** Grand Rapids, Mich.	150	140	7.1	15	15	17	17	2,500	2,500	NA	NA	37	32	427	365
28	29	**Robert & Dybdahl,** Des Moines, Iowa	142	138	2.9	11	10	8.1	6.7	1,200	1,200	NA	NA	32	31	240	217
29	31	**Pacific Supply,** Oakland, Calif.	122	115	6.1	20	20	13.5	13.5	3,000	2,700	5	5	110	100	275	275
30	36	**Sherwood Lumber,** Roslyn, N.Y.	120	91	31.9	9	6	12	9	780	620	15	10	0	0	35	25
31	25	**Noranda Building Materials,** Toronto**	113	143	−21.0	5	9	9	12	1,500	2,500	70	90	20	20	90	130
32	30	**Rivendell Forest Products,** Englewood, Colo.	108	130	−16.9	9	6	16.5	12	440	417	68	62	8	5	44	57
33	32	**Apex Supply,** Atlanta	107	105	1.9	15	15	NA	NA	NA	NA	NA	NA	NA	NA	400	400
34	34	**Iron City Sash & Door,** Pittsburgh	105	95	10.5	6	5	20	20	2,000	1,500	50	50	50	50	350	300
35	33	**Addison Corp.,** Atlanta	105	100	5.0	17	15	20	22	6,000	4,500	20	15	120	100	700	650
36	35	**Babcock Lumber,** Pittsburgh	102	92	10.9	7	6	NA	NA	1,600	1,500	75	75	NA	NA	400	350
37	43	**Plunkett-Webster,** New Rochelle, N.Y.	95	75	26.7	5	4	NA	NA	1,500	1,300	NA	NA	25	21	250	220
38	40	**Sabbeth Industries,** Deer Park, N.Y.*	90	82	9.8	7	7	NA	NA	3,000	3,000	50	50	NA	NA	220	200
39	41	**Empire Wholesale Lumber Co.,** Akron, Ohio	88	81	8.6	9	6	7.2	4.6	320	320	18	16	NA	NA	53	48
40	37	**Lawrence McCoy & Co.,** Worcester, Mass.	86	90	−4.4	1	NA	5.6	4.2	NA	NA	NA	NA	NA	NA	NA	NA
41	38	**Cameron Wholesale,** Waco, Texas	82	83	−1.2	15	15	NA	NA	1,100	1,100	70	74	100	130	460	550
42	45	**Snavely Forest Products,** Pittsburgh	79	70	12.9	5	5	6.8	5.8	3,300	3,300	85	85	15	15	135	122
43	39	**Futter Lumber,** Rockville Center, N.Y.	76	82	−7.3	7	8	NA	NA	350	330	5	5	0	0	18	20
44	44	**Diamond Hill Plywood Co.,** Darlington, S.C.	73	71	2.8	10	10	10.3	9.6	5,500	5,000	65	62	43	40	269	255
45	48	**Kelleher Lumber,** San Rafael, Calif.	72	60	20.0	4	4	8	7	1,100	1,050	25	20	15	13	120	119
46	47	**Spartanburg Forest Products,** Spartanburg, S.C.	71	61	16.4	2	2	8.3	7.8	NA	NA	87	NA	11	NA	140	NA
47	46	**Prudential Metal,** E. Dedham, Mass.	67	67	0.0	7	7	10	11	1,920	1,660	48	48	40	35	155	150
48	49	**A.P.I. Supply,** Minneapolis	66	60	10.0	7	5	NA	NA	2,000	2,000	30	30	23	23	125	125
49	51	**Orepac Building Products,** Wilsonville, Ore.	65	58	12.1	4	4	7	6.5	2,000	2,000	20	20	28	26	140	130
50	52	**Louisiana-Pacific,** Portland, Ore.	60	55	9.1	9	10	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
51	50	**Booker & Co.,** Tampa, Fla.	60	60	0.0	4	4	NA	NA	1,200	1,000	NA	NA	33	33	140	100
52	57	**Mid-State Lumber,** Branchburg, N.J.	57	49	16.3	3	3	3.3	2.9	400	400	100	100	17	15	68	62
53	58	**Wolf Distributing Co.,** York, Pa.	56	48	16.7	7	7	4.6	4.2	1,300	1,300	100	100	90	90	130	125
54	56	**Aetna Plywood,** Arlington Heights, Ill.	55	50	10.0	4	3	4.5	4	NA	NA	40	40	20	20	110	100
55	54	**Redwood Empire,** Morgan Hills, Calif.	54	52	3.8	3	3	3	3	750	750	60	60	13	13	180	150
56	53	**Daigle Lumber Ltd,** Boucherville, Quebec**	52	54	−3.7	6	7	8	9	2,500	2,500	90	90	24	26	169	178
57	65	**Lumbermen's,** Grand Rapids, Mich.	50	42	19.0	6	6	7	6	2,500	2,500	75	75	18	18	115	100
58	42	**Ajayem Lumber,** Walden, N.Y.	50	80	−37.5	2	4	NA	NA	NA	NA	35	35	15	15	90	130
59	62	**Hearin Forest Industries,** Portland, Ore.	49	45	8.9	NA	NA	NA	NA	NA	NA	20	20	0	0	49	45
60	68	**Seven D Wholesale,** Gallitzin, Pa.	48	40	20.0	5	4	4	4	550	400	66	66	25	25	85	85
61	63	**Benco Building Products,** Greenburg, Pa.	48	44	9.1	3	3	NA	NA	750	750	100	100	50	50	130	130
62	61	**Amerhart Ltd,** Green Bay, Wis.	47	46	2.2	3	3	5.5	5.5	1,500	1,500	30	30	25	25	105	95
63	71	**M.L. Sandy Lumber Sales,** Corinth, Miss.	46	38	21.1	12	11	NA	NA	3,000	3,000	NA	NA	25	25	NA	NA
64	72	**All-Coast Forest Products,** Chino, Calif.	45	37	21.6	2	2	6	6	300	300	100	100	17	17	150	150
65	60	**H.M. Stauffer & Sons,** Leola. Pa.	45	47	−4.3	2	2	4	4	2,000	2,000	60	60	NA	NA	365	360
66	59	**Pacific Steel & Supply,** San Leandro, Calif.	45	47	−4.3	1	1	7	7	2,000	2,000	25	25	6	6	70	70
67	55	**Dallas Wholesale Builders Supply,** Dallas	45	50	−10.0	1	1	4.5	5.5	1,350	1,250	6	4	20	25	100	135
68	67	**Weekes Forest Products,** Minneapolis*	44	41	7.3	1	1	NA	NA	1,200	1,200	NA	NA	NA	NA	NA	NA
69	69	**Associated Building Centers,** Cape Girardeau, Mo.	42	40	5.0	3	3	4	4	185	185	100	100	NA	NA	75	75
70	64	**JGA Corp.,** Doraville, Ga.	41	43	−4.7	6	5	2.9	2.5	NA	NA	51	51	35	35	100	95
71	92	**Hampton Lumber,** Portland, Ore.[3]	40	20	100.0	2	2	3	3	790	NA	NA	NA	0	0	37	37
72	82	**Cedar Creek Wholesale,** Broken Arrow, Okla.	40	30	33.3	3	3	3.5	2.5	1,000	800	20	20	25	22	38	30
73	76	**Building Material Distributors,** Galt, Calif.	40	35	14.3	5	4	4.5	3.2	2,000	2,000	60	60	24	NA	184	164
74	70	**Willco,** Atlanta[4]	40	38	5.3	8	10	3	4	100	100	20	20	10	17	40	60
75	74	**Lumber Products,** Portland, Ore.	39	36	8.3	6	5	4	4	2,500	2,500	35	35	24	20	113	90
76	66	**Schultz, Snyder & Steele Lumber,** Okemos, Mich.	39	42	−7.1	4	4	4.2	3.8	NA	NA	NA	NA	9	8	95	85
77	75	**Diehl Lumber,** Salt Lake City	38	35	8.6	1	1	5	5	450	450	50	50	35	35	95	85
78	78	**Glesby Building Materials, Inc.,** Van Nuys, Calif.	38	35	8.6	2	2	NA	NA	3,500	3,500	40	40	25	23	100	95
79	73	**Arling Lumber,** Cincinnati	37	36	2.8	3	3	4	4.6	600	450	70	70	8	8	40	40
80	81	**Fessenden Hall,** Pennsauken, N.J.	36	33	9.1	1	1	2.6	3.1	NA	NA	10	10	13	11	85	83
81	77	**Klumb Lumber,** Jackson, Miss.	36	35	2.9	2	2	0.75	0.75	600	600	60	60	8	8	70	70
82	79	**Bloch Lumber,** Chicago	35	34	2.9	5	6	10	10	450	450	60	60	NA	NA	18	18
83	80	**Reisen Lumber,** Union, N.J.	34	33	3.0	2	2	5	4.8	2,700	2,600	40	40	15	15	99	99
84	91	**A.W. Hastings of Maine,** Enfield, Conn.	33	22	50.0	4	4	1.3	1.4	NA	NA	10	10	11	10	75	60
85	93	**Rounds & Porter,** Wichita, Kan.[5]	30	20	50.0	6	8	7	NA	1,200	1,000	100	NA	48	30	131	125
86	86	**Allied Plywood Corp.,** Alexandria, Va.	30	25	20.0	5	5	3.5	3.5	2,000	2,000	0	0	20	20	92	88
87	88	**Universal Suppliers,** Selinsgrove, Pa.	30	25	20.0	5	3	2.7	2.1	0	0	0	0	44	26	132	98
88	84	**Boddington Lumber,** Colorado Springs, Colo.	28	28	0.0	5	5	NA	NA	1,000	1,100	20	20	12	12	100	100
89	83	**Metropolitan Lumber,** Oak Brook, Ill.[6]	28	29	−3.4	0	0	0	0	75	75	38	38	0	0	11	11
90	85	**Genesee Reserve Supply,** Rochester, N.Y.	26	26	0.0	1	1	NA	NA	250	250	100	100	NA	NA	25	25
91	90	**Kaibab Distribution,** Phoenix, Ariz.	25	23	8.7	3	3	3.5	3.5	340	340	10	10	NA	NA	110	110
92	89	**Holt & Bugbee,** Tewksbury, Mass	25	24	4.2	1	1	6	6	800	800	20	18	6	6	150	115
93	87	**United Plywoods & Lumber,** Birmingham, Ala.	25	25	0.0	4	4	2.6	2.9	1,600	1,600	70	61	21	21	98	122
		Totals	19,070	17,636	8.1	1,246	1,186										
		Averages	205	190		13.4	12.8										

*NHCN estimate

**Quoted in $U.S. — $1.18 Canadian

[1] Includes data from Slaughter Brothers, Dallas, which was purchased in 1987

[2] Includes data from [illegible] and DJ, Inc., each purchased in 1987

[3] Hampton Lumber is primarily a lumber broker

[4] Owned by Williams Brothers Lumber Co., Atlanta

[5] Acquired by Louisiana-Pacific in 1989.

[6] Metropolitan is an office wholesaler.

NBMDA Survey

Consolidation worries building products distributors

The industry's consolidation, and its ability to make money when retailer loyalty is weakening and direct shipping by manufacturers is expanding, have many building products distributors concerned about their future viability.

More than four out of five distributors still believe that the need for their products and services will increase over the next several years. But they express genuine competitive fear of the hardlines co-ops that are muscling in on their territory and are, as one wholesaler put it, "apprehensive" about their evolving relationship with suppliers who sidestep wholesalers to reach retail customers.

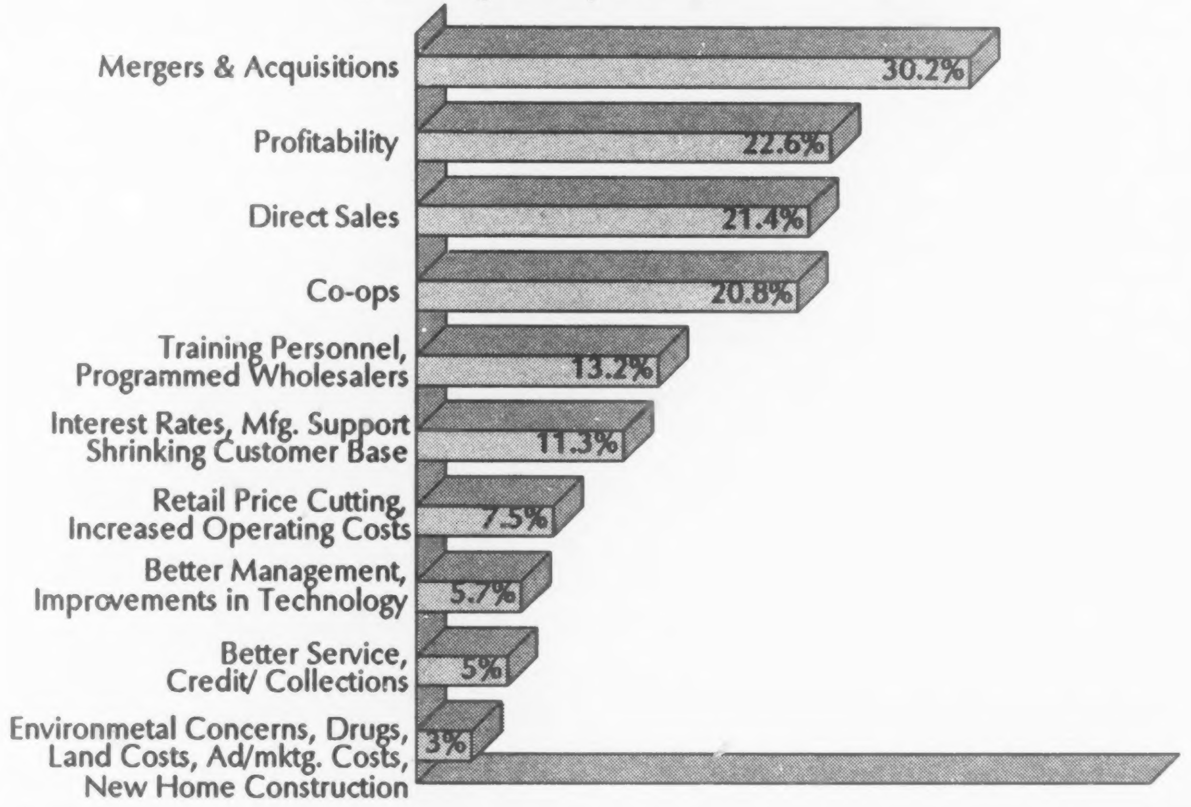
These were some of the opinions voiced by wholesalers responding to an exclusive survey conducted last month for *NHCN* by the National Building Material Distributors Association in New York. Scott Snyder, NBMDA's director of communications, said questionnaires were distributed to 273 of the association's members, of whom 159 responded.

There appears to be a degree of unanimity among building products distributors about what their major challenges will be as they enter the next decade: mergers and acquisitions, profitability, and direct manufacturer sales.

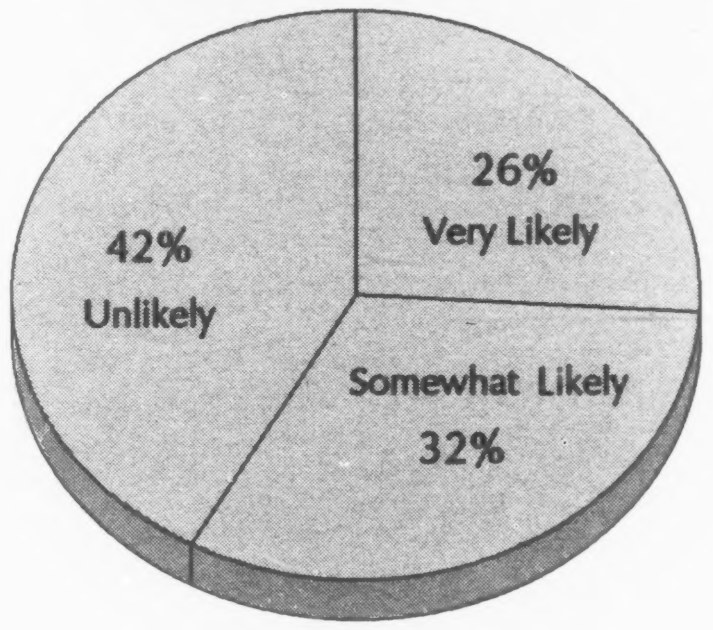
More than half of the survey's respondents thought it was "very likely" or "some-

(Continued on page 27)

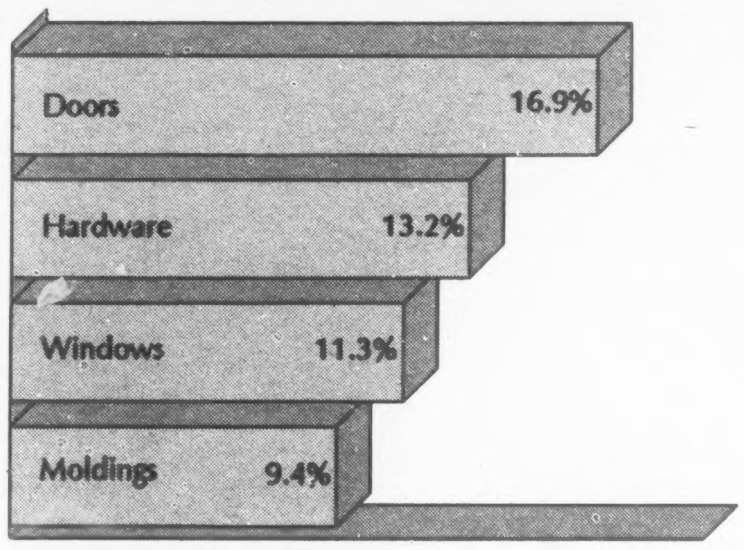
Question: What are the key issues facing building products distributors?
(Percentage of respondents)



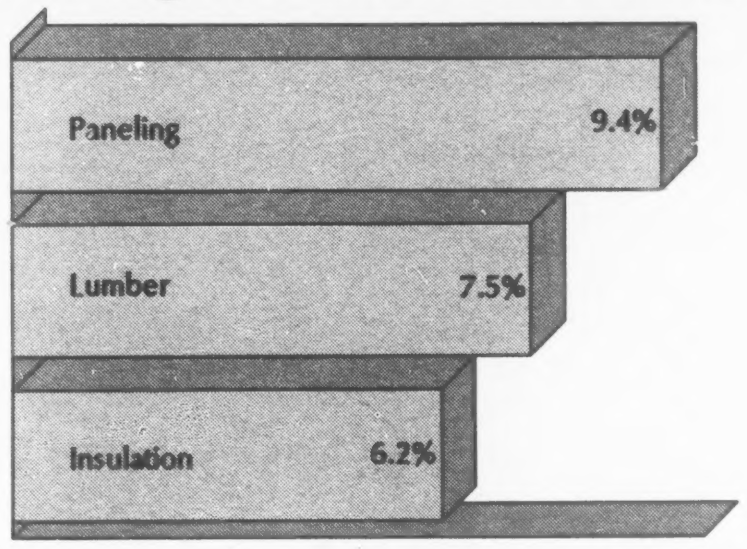
Question: How likely is it that your company would be part of an acquisition within 2 years?



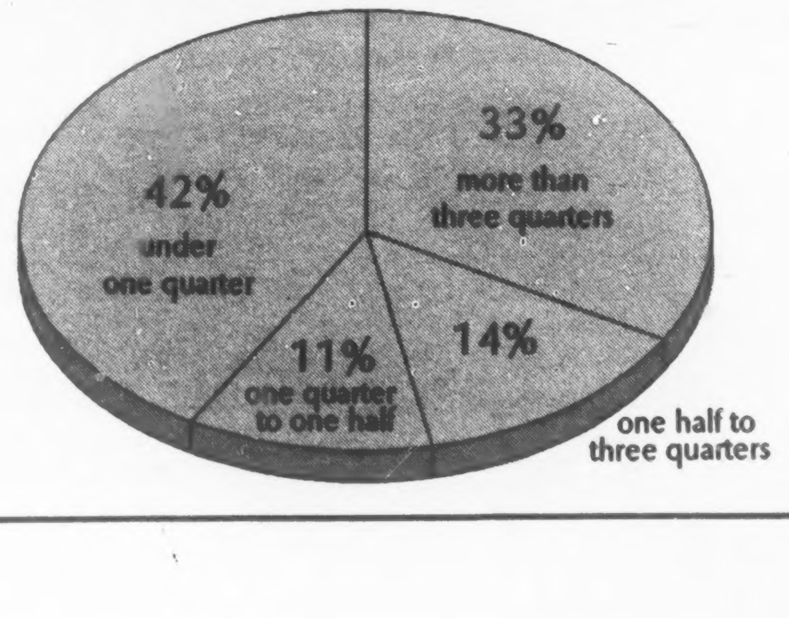
Product Categories Added to Inventory



Product Categories Deleted from Inventory



Question: With what portion of your retail customers do you have Just-In-Time relationships ?



But just 20 percent of building products distributors use electronic data interchange with customers. And only 7 percent currently employ bar coding, with only 42 percent expecting to use coding within the next three years.

←Circle 10 on Reader Service Card

ANNUAL CENSUS

BUILDING PRODUCTS WHOLESALERS

Mergers and volatility worry building products distributors

(Continued from page 20)

what likely" that their companies would be part of an acquisition over the next two years, most likely involving another distributor.

These prospects don't sit too well with some wholesalers, who see the consolidation of the industry contributing to the deterioration of their relationships with vendors and dealers. "Buyouts and takeovers have produced chaos," said one respondent.

That chaos has caused building products distributors' profits to become volatile. The profitability of this sector has also been adversely affected by the expansion of the hardlines co-ops and by a change in attitudes among suppliers and dealers that places a higher premium on price over marketing.

"With only a few exceptions, our suppliers have agreed to sell all co-ops—even the ones who carry no inventory," complained one building products distributor. "When you have only the investment of an office, it's easy to cut the price."

Another distributor spoke of the "somewhat adversarial" relationship that has developed between his company and its dealer-customers because "dealers think distributors can live on only fill-in business."

With dealer loyalty waning and vendors showing what one distributor called a "take it or leave it" attitude, building products wholesalers have had to rethink their market approach.

One area where they have taken the initiative has been in the expansion of their product assortments, particularly in the higher-margin millwork categories. More than 37 percent of those responding have added either doors, windows or moldings to their mix. Another 13 percent have begun distributing hardware.

Distributors are also looking to rid themselves of their "commodities-only" image. Nearly one in 10 respondents said his company had dropped paneling from its inventory, and a surprisingly high 7.5 percent said they had eliminated lumber.

But product changes alone are not going to keep building products distributors afloat against the buying groups. "The co-ops have changed the game," said one distributor. "Being national or regional, they can do much more for the dealer in the way of circulars, co-op ads, shows, etc. Our only answer is more service—which we are doing."

A component of that service indisputably will be quicker, cheaper delivery, which will be facilitated by better communication between distributors and their suppliers and dealers.

To that end, distributors are cultivating "Just In Time" (JIT) arrangements with their clients. A full one-third of the survey's respondents said that they have established JIT agreements with 75 percent or more of their customers.

For a great majority, the communication of this arrangement is transmitted over the telephone or by facsimile machine. However, there does not appear to be a groundswell of interest among building products distributors to engage in electronic data interchange (EDI) with dealers.

Only one in five of the respondents was using some form of EDI currently.

There was a lack of enthusiasm expressed by distributors when it came to bar coding, which may be understandable given the nature of the products they carry, but it also betrayed a certain reluctance to examine whether such advancements could improve their market positioning.

Only 7 percent of the respondents currently employ bar coding of any sort, and only slightly more than 2 in 5 said his company planned to start using bar coding within the next three years.

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*Source: "A Profile Of The Retail Market For Adhesive And Glue Products," 1987. (Wholesaler served retailers.) Prepared by Marketing Information and Research Services, National Retail Hardware Association, Home Center Institute.

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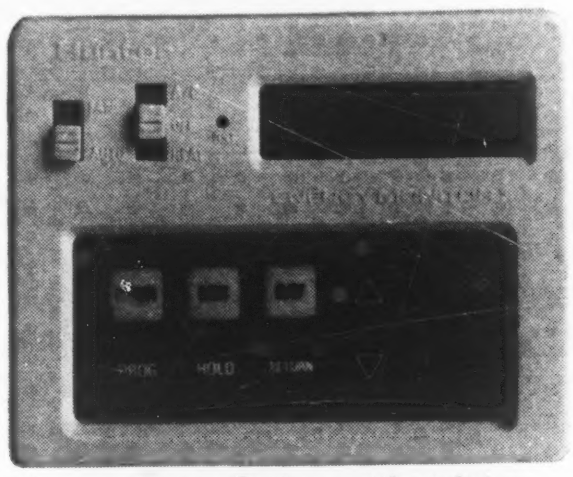

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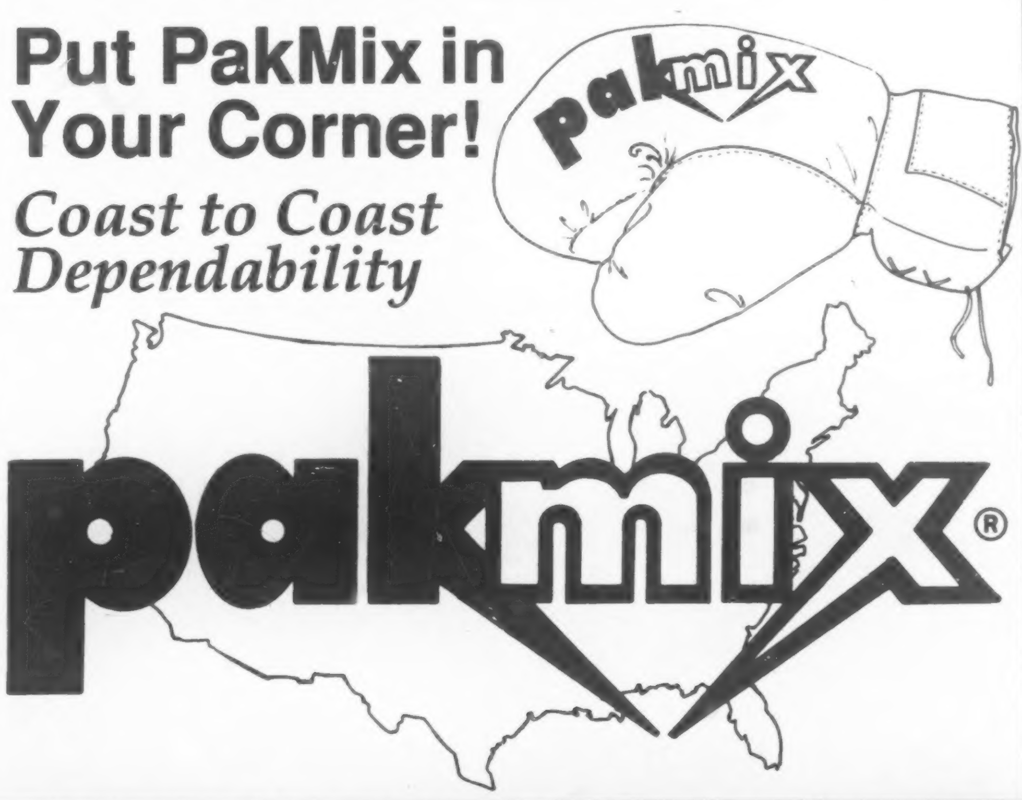

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ANNUAL CENSUS

BUILDING PRODUCTS WHOLESALERS

Sales growth slows for commodities buying groups

Company Name	Total Sales $ Millions 1988	1987	% ch.	% LBM 1988	1987	No. dealers 1988	1987	HC sales as % of total 1988	1987	Employees 1988	1987
Lumbermen's Merchandising Corp.,* Wayne, Pa.	**1,012**	920	10.0	**80**	80	**650**	600	**45**	45	**190**	175
Builder Marts of America,** Greenville, S.C.	**422**	500	−15.6	**80**	80	**1,910**	1,850	**15**	13	**207**	199
Central Builders Supply, Sturgis, Mich.	**280**	252	11.1	**100**	100	**545**	525	**80**	80	**54**	50
ENAP, New Windsor, N.Y.	**250**	239	4.6	**100**	100	**185**	145	**70**	60	**56**	60
Philadelphia Reserve Supply, Croydon, Pa.	**171**	160	6.9	**90**	90	**188**	189	**82**	80	**50**	42
Progressive Affiliated Lumbermen, Grand Rapids, Mich.	**169**	162	4.3	**100**	100	**208**	216	**100**	100	**22**	18
Allied Building Stores, Monroe, La.	**168**	138	21.7	**80**	80	**161**	160	**40**	40	**52**	50
Independent Builders Supply Association, Smithfield, N.C.	**87**	89	−2.2	**85**	85	**104**	100	**70**	65	**11**	11
Totals	**2,559**	2,460	4			**3,951**	3,785			**642**	605
Averages	**320**	308	4	**89**	89	**494**	473	**63**	60	**80**	76

*NHCN Estimate
**Spun off Builderway & Enterprise Computer divisions in 1988

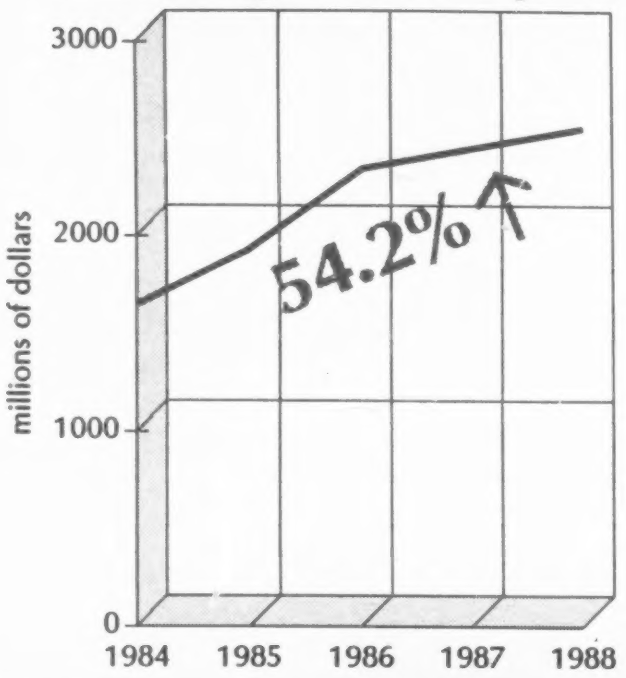
Sales gains among the building products buying groups were slower than they've experienced in recent years. However, their combined volume topped $2.5 billion for the first time.

Over the past five years, these companies' importance to independent dealers has grown significantly, as shown by the 54 percent increase in aggregate volume by the eight companies.

This is also manifested by the amount of business these buying groups are getting out of each of their dealer-members. The most remarkable performance in this respect has come from Lumbermen's Merchandising Corp. (LMC) which, by *NHCN* estimates, in 1988 got more than half-again the sales it generated from a typical member in 1984.

From a sheer growth standpoint, CBS and ENAP have outperformed the rest of the pack.

Total Building Materials Co-op Sales

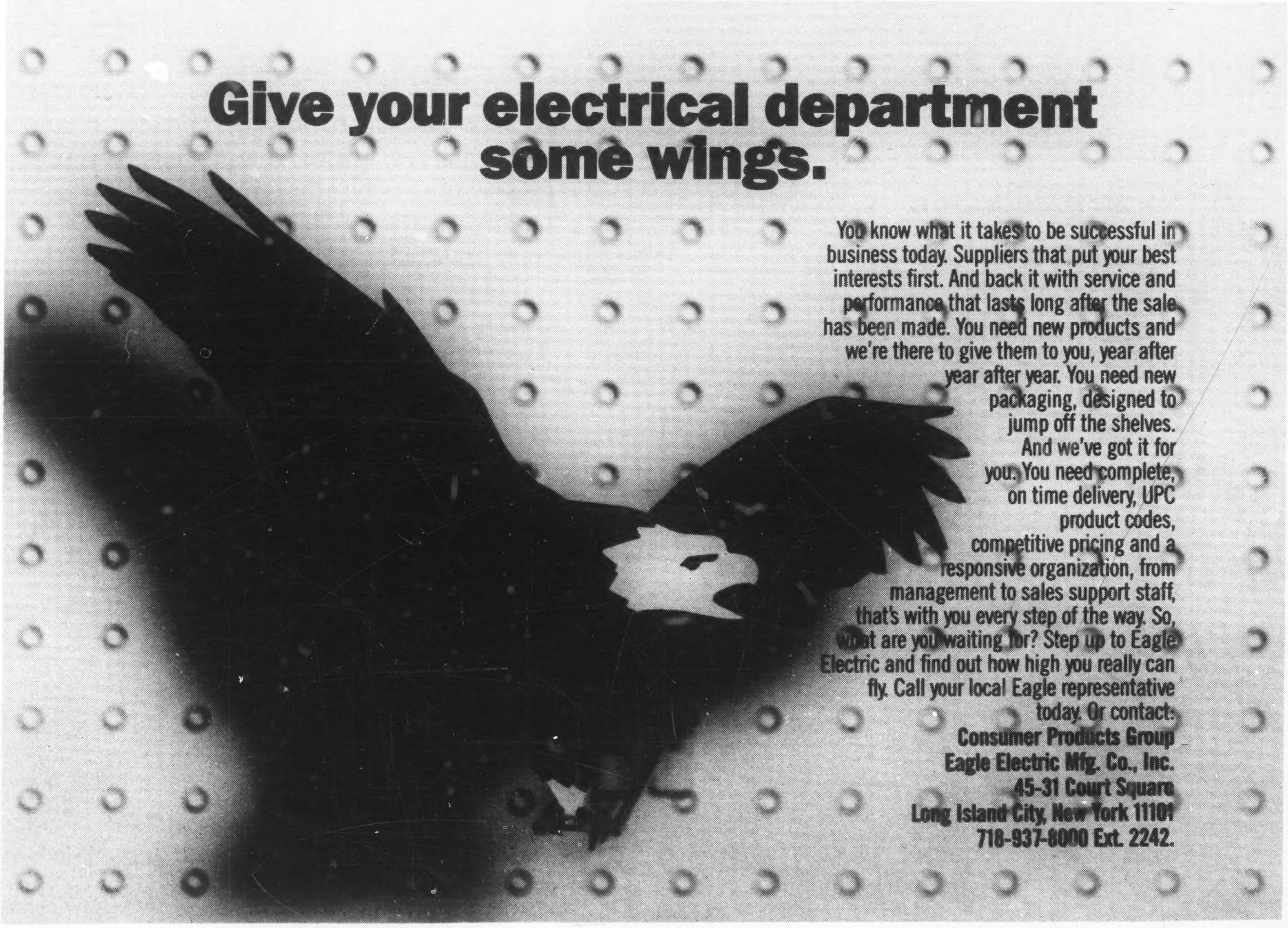


% Growth 1984 to 1988

LMC	84.7
BMA	(15.3)
CBS	129.5
ENAP	121.1
Phila.	114
PAL	94.3
Allied	20.0
IBSA	31

	$Mil. 1984 Total Sales	Co-op Sales per dealer	$Mil. 1988 Total Sales	Co-op Sales per dealer	% change
Lumbermen's Merchandising Corp.	548	999,363	1,012	1,556,923	56.3
Builder Marts of America	498	366,445	422	220,942	(43.2)
Central Builders Supply	122	305,000	280	533,333	74.9
ENAP	113	982,608	250	1,351,351	37.0
Philadelphia Reserve Supply	140	457,142*	171	909,574	98.6
Progressive Affiliated Lumbermen	87	494,318	169	812,500	64.0
Allied Building Stores	80	933,333	168	1,042,478	11.8
Independent Builders Supply Assoc.	68	80,000	87	855,762	7.0

*NHCN estimate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Co-ops enjoy steady growth and sales gains in 1988

LMC exceeds $1B in sales for first time in 1988

The 54-year old Lumbermens Merchandising Corp. (LMC) continued its strong growth in 1988, with its estimated sales exceeding $1 billion for the first time.

According to information reported last year to Dun & Bradstreet, LMC serves 261 members operating an estimated 650 stores located predominantly east of the Mississippi river. Its board members reflect this diversity, as they are drawn from 10 states stretching from Vermont to Florida.

Lumber products, including plywood and millwork, together account for 60 percent of LMC's sales. The remaining 40 percent comes primarily from roofing, insulation and builders' hardware.

Like many of the building products buying groups, one of LMC's strengths is the consistency of its management. Its president, William Lanen, joined in 1977 from Evans Products Company Door Systems in Detroit. Prior to that he was with Owens-Corning Fiberglas.

J.A. Buchanan, vp-forest products division, joined one year later from Georgia-Pacific Corp., and was previously with MacMillan Bloedel Corp.

Other officers include Richard B. Noble, previously with O-C; and John V. Reznor, who came from Abitibi-Price Corp.

Builder Marts of America eyes further expansion

Buoyed by a new chairman and ceo, plus partnerships with manufacturers and other wholesale distributors, Builder Marts of America is looking at further expansion in 1989.

Last year it joined with the hardware wholesale distributor Amdura—formerly Coast-America—in the latter's dealer "independence" program, under which stores are retrofitted with new signage and other amenities aimed at increasing business.

BMA had already entered a similar agreement with Sequoia Supply and, last February, it signed with Georgia-Pacific as well.

"We're trying to align ourselves with the best in manufacturing and distribution," said Paul Dodge, BMA's vp-service and dealer division, who hinted that more deals would be inked this year.

BMA last year added another 40 members to its list of dealer stores, now numbering 845. Dodge said another 40 to 50 accounts are expected by the end of 1989.

Dealers will see a growing commitment from BMA to bring them more repair and remodeling business. Said Dodge, "We will devote considerable research and development to this area this year and next."

"As an industry," he continued, "building products has the wherewithal to do the best job serving those who undertake repair and remodeling jobs."

Last year's most noteworthy personnel change at BMA was the appointment of Richard Ingram as chairman and ceo. He replaced Clarence Bauknight, who continues to serve on the company's board.

Central Builders Supply gears up recruitment plans

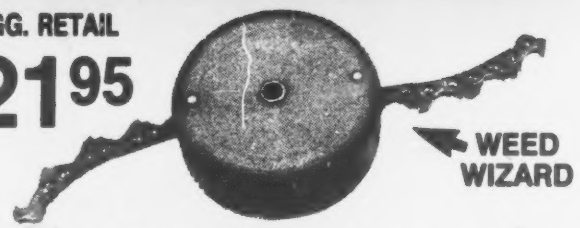
Central Builders Supply (CBS) made a concerted effort in 1988 to aggressively pursue business instead of waiting for it to pour in.

"We were mainly a service-oriented company, just sitting and waiting for the phone to ring," says Bret Pobanz, CBS president and ceo. "Now we kind of added sales to service by seeking prospective members."

To accomplish that, CBS this year hired Curtis Roberts, whose sole responsibility is to attract new members.

The billing of its members for distribution of lumber, roofing, insulation and gypsum accounts for 80 percent of the cooperative's business, with lumber taking up 60 percent of CBS's total share. Although that product mix came about naturally, Pobanz adds, lumber accounts for three-fifths of most of the CBS members' business "so I always thought we should be doing about that amount."

Sales last year were up about 12 percent and Pobanz expects an increase of at least 15 percent in 1989.



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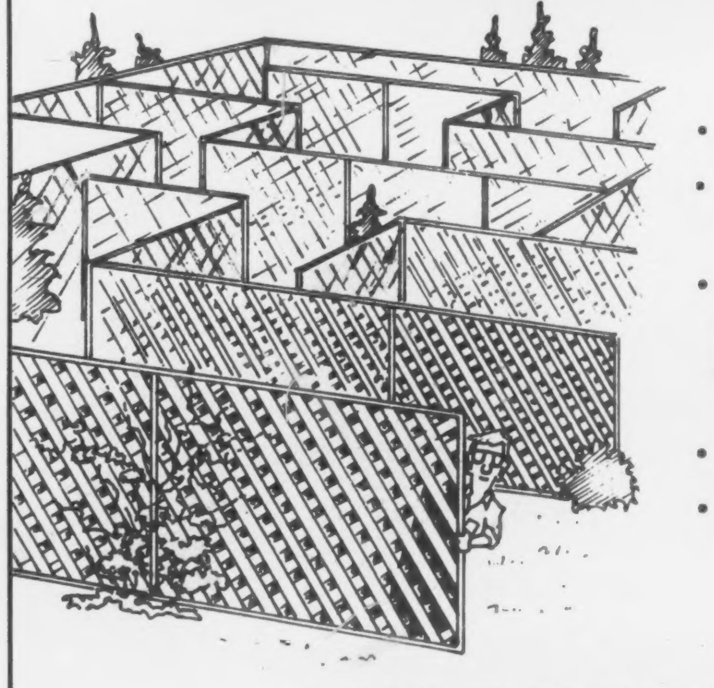

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ANNUAL
CENSUS

BUILDING PRODUCTS WHOLESALERS

Co-ops push ahead despite adverse climate, economy

ENAP expands dealer base 22% in 1988; sales up

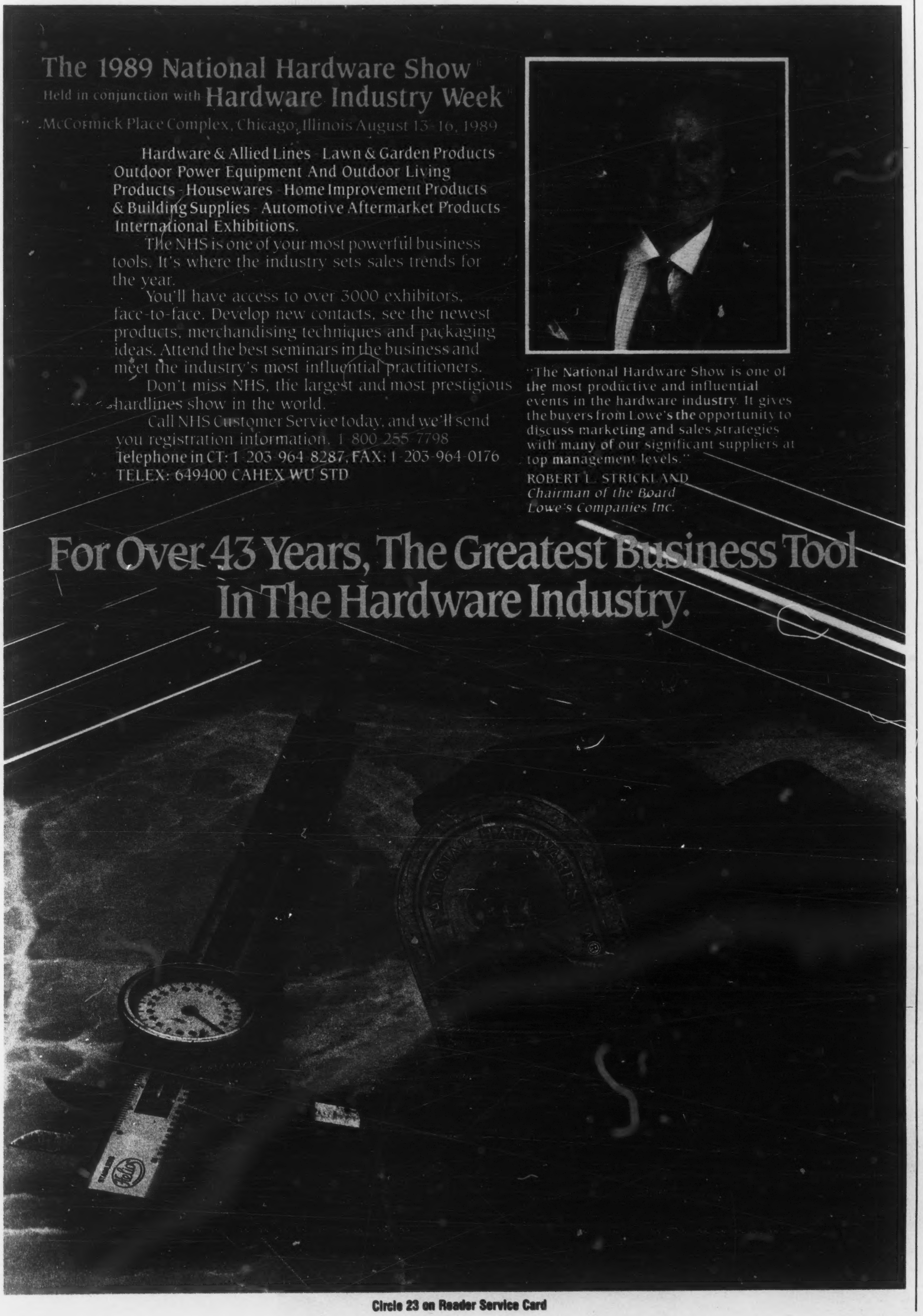
The East Coast lumber and building products buying group, ENAP, posted another record sales year in 1988 and expanded its dealer base by 22 percent.

ENAP broke new ground last year by signing an agreement with Emery Waterhouse, the hardlines distributor based in Maine. ENAP will use Emery Waterhouse as its main hardlines supplier.

"Dealers are looking for more on-time shipments of smaller quantities," explained Wayne Wiggleton, executive assistant at ENAP. "It also allows Emery [Waterhouse] to get into larger dealers who didn't use that type of service."

In 1988, Wiggleton said, ENAP added new members primarily at the end of 1988. He characterized the new and existing ENAP dealers as the "cream of the crop of lumber dealers . . . who do well even in a bad year."

While much of the area felt the impact of the declining home construction market, Wiggleton noted that ENAP dealers in New England and other East Coast markets continued to experience strong growth.



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Local economy doesn't hinder Allied's sales

Allied Building Stores, which posted record revenues in 1988, expects that its expanded purchasing department will help Allied to achieve double-digit sales again this year.

A 10 percent sales increase is forecast in 1989 after a 21 percent gain, to $168 million, last year, said Laddie Woods, president of the 161-member co-op.

The results are especially significant given that the not-for-profit organization's members are located throughout the depressed Oil Patch region.

Despite the locally beleaguered economy, Allied managed to grow as a result of "an 8 percent increase in [new] dealerships and a number of newly implemented buying programs," Woods said.

Two employees were added to Allied's purchasing department last year, boosting the work force to 52 persons.

Forty percent of the co-op's members are home centers and 60 percent are contractor-oriented lumberyards. These members bought 58.5 percent of their products from Allied in 1988, a 3.5 percent gain over the previous year's 55 percent level.

Allied's members are located in Arkansas, Louisiana, Mississippi, Oklahoma, Kansas and Texas. Allied's product mix is virtually all lumber, building products and hardware.

About 4,500 stockkeeping items are available from Allied's 65,000-square-foot distribution center, but those items represent only 9 percent of total sales. Most volume is direct ship. Allied provides dealers with 25,000 skus.

PAL enjoys sales growth despite drop in members

Despite a slight reduction in its membership, Progressive Affiliated Lumbermen (PAL) continued to enjoy expanding sales in 1988.

"We're doing quite well, with good steady growth," said Bill Danzig, PAL president. Sales to dealers increased by about 5 percent last year to $169 million in 1988. This was a considerable slowdown from the 25 percent growth of the previous year. However, Danzig reported that profits were up 9 percent in 1988.

Last year, PAL hired John Beers from outside the compa-

(Continued on page 38)

ANNUAL
CENSUS

BUILDING PRODUCTS WHOLESALERS

Expansion, increased member base, sales growth sought by buying groups

Dip in members doesn't hurt PAL's profits

(Continued from page 36)

ny as its first lumber department manager. This continues a trend towards departmentalization at PAL since the co-op hired its first commodities department manager three years ago.

Danzig expects better results in 1989 in the form of a 10 percent sales increase to dealers.

Warehouses key to distributor's growth last year

Philadelphia Reserve Supply, the $173 million building products co-op, has grown by over 560 percent in the last eight years from $26 million.

Situated in eastern Pennsylvania, the majority of its 188 members are located within a 50-mile radius in four states. It attributes much of its recent sales growth to the heavy use of its warehouse.

Unlike other co-ops, which rely on direct shipment, Philadelphia Reserve can supply lumber, insulation, gypsum roofing and paneling on a fill-in basis. Last year its warehouse sales increased by 26 percent, according to Chuck Messers, vp-marketing.

This year the company appointed Messers as its first director of marketing and intends to improve its shareholder relations, particularly with the medium and small volume dealers.

Although it will continue to add about a dozen new members each year, Messers said, "Our greatest potential is not in new members but in servicing who we have now."

"We can't compete day in and day out with Weyerhaeuser and Georgia-Pacific, but we want to be sure we're one of the four calls they make," he said "We want a chance to bid."

The buying group admits it is facing competition from the hardlines co-ops, which are adding building products to their mix, but maintains it still has the edge as it passes on the cash discounts to its members.

The company projects a growth rate of 8 percent for 1989. But the market has slowed considerably in March and April after a strong start.

Bad weather, crowded markets slow IBSA's sales

A combination of bad weather and overbuilt markets slowed sales for Independent Building Supply Association (IBSA) last year. But a late-1988 expansion into Tennessee could mean new growth markets, said Robert Matthews, IBSA's executive vp.

Matthews said that sales in first half of calendar 1988 were above average, even with bad winter weather. But in the second half, business to dealers in rural North Carolina, South Carolina and Virginia fell off as home building slowed. Business stayed strong, however, in coastal and metropolitan markets.

A major marketing effort last year expanded IBSA's distribution reach into eastern Tennessee by its signing up four contractor-based yards. Although much of the trade area was hit by huge amounts of rain last spring and early summer, he expects "fair" sales in 1989.

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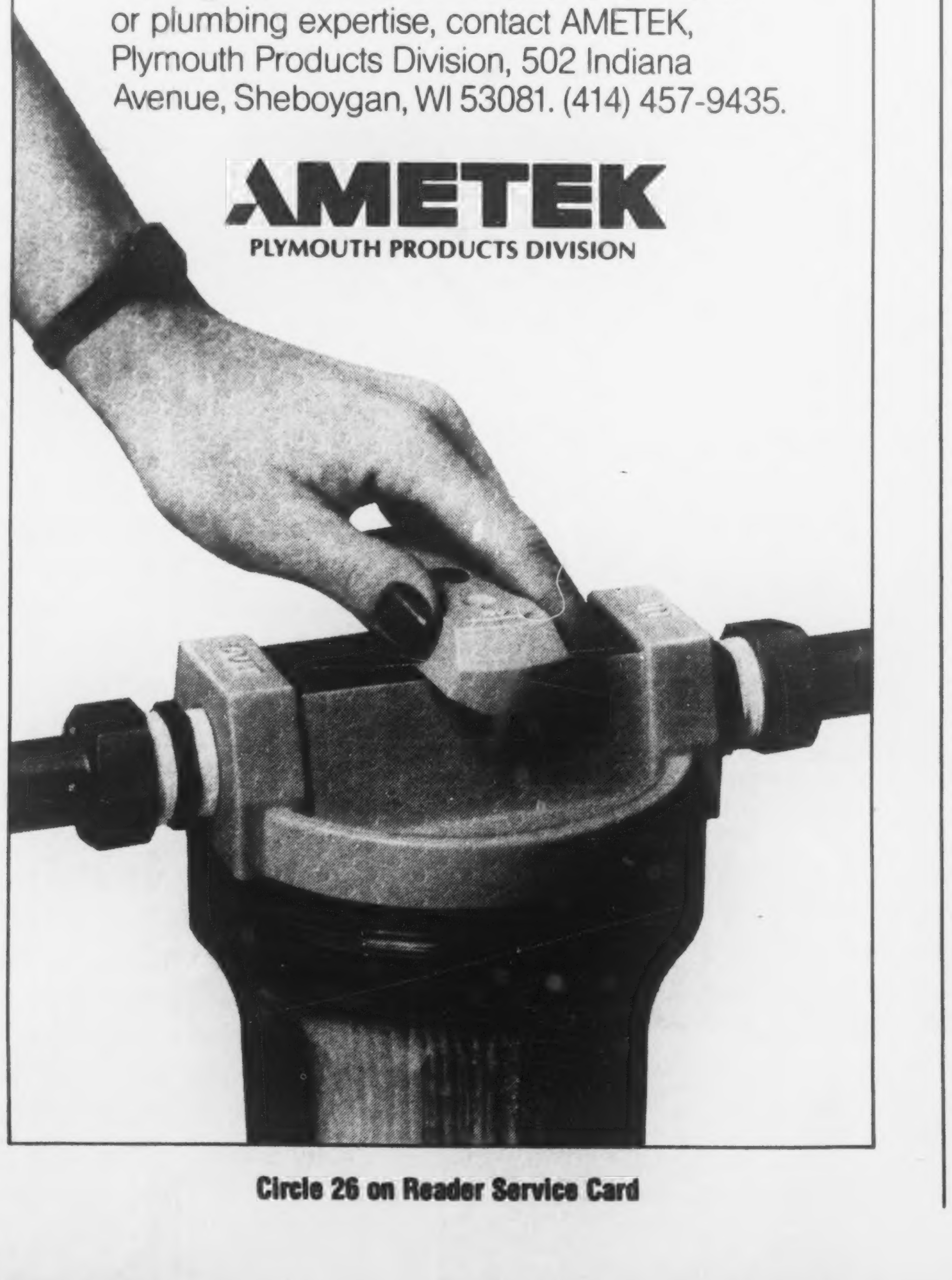

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ANNUAL CENSUS

BUILDING PRODUCTS WHOLESALERS

Dealers push sale of high-end shingles

Dealers are using many techniques to upgrade the sale of roofing shingles, and are pushing the mid-weight or heavy-weight laminated shingles to improve their margins.

They are targeting all types of customers by using a plethora of glossy literature sent by direct mail, holding in-store workshops and conducting job site demos.

All these efforts are designed to show how the premium quality roofing can be applied and the benefits of purchasing a product that costs just a few dollars per square more than the commodity tab.

This move is heavily supported by the suppliers who want to increase the penetration of the heavier weight shingles in a market where 90 percent of total sales still come from the basic commodity tab.

The pressure to upgrade is especially significant this year as retailers and suppliers alike find their margins greatly eroding on the commodity tab.

The basic three-tab roofing shingle increased in price to dealers for the first time in five years in 1988. Yet they were unable to pass the cost onto their customers; even though rises averaged only 50 cents per square, many builders refused to accept any price increase given the slower home building climate, and with the competitive retail climate they could find a source for less elsewhere.

Further price hikes in the commodity tab are expected this year because suppliers can no longer absorb the rising costs of raw materials, or compensate for them through efficiencies or new technology. The cost of fiberglass matte, for example, increased by 15 to 20 percent last year, which came on the heels of price hikes in asphalt that suppliers had had in previous years.

But in moving to high-end roofing products to improve margins, dealers may encounter new opposition from specialty distributors.

"It's not that the specialty distributors are taking a greater piece of the pie. But as home centers move into the upscale shingles, away from the fiberglass and organic three-tab, they are moving into the market of the specialty distributors," said Craig Woods, building Products buyer for Diamond Lumber, the Dallas-based chain.

Dealers are attracting additional customers among remodelers and buy-it-yourselfers by offering a broader range of roofing products in stock as well as through special orders.

Lowe's, the North Wilkesboro, N.C., chain, stocks mid-weight laminated shingles in large markets and some heavy-weight shingle in others. It keeps a short lead time on its special orders so a builder who orders on Monday can be serviced at the job site on Wednesday, according to Greg Wessling, vp-commodities merchandising.

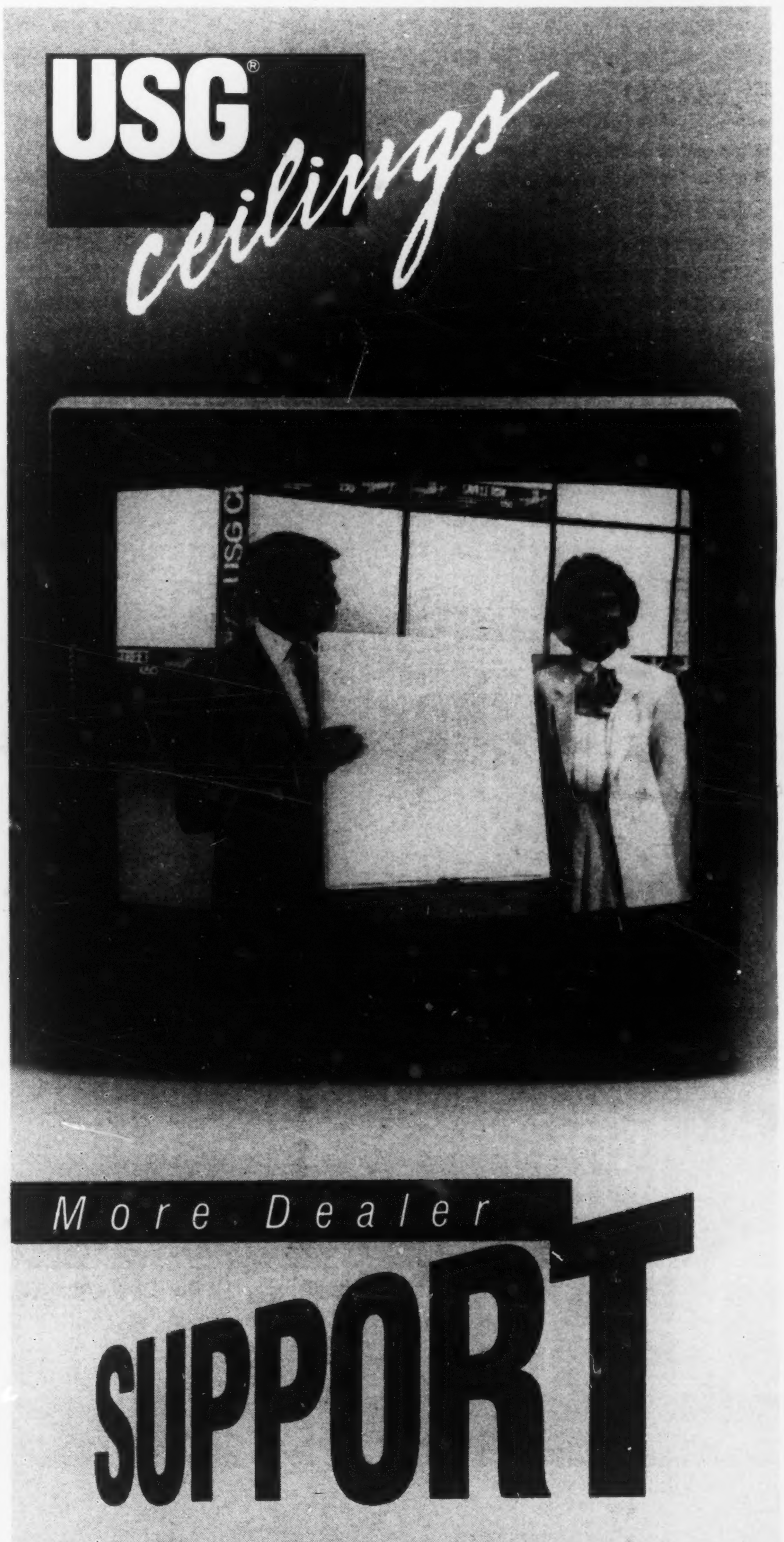
This year, National Roofing Week was extended to a whole month in May to let dealers tie in promotions.

Where do builders buy roofing? (%)

(based on survey of 275 builders)

Specialty distributors	54
Lumberyards	17
Mfg. direct	11
Commodities wholesalers	9
Home Centers	7
Other	2

Source: Quantum Enterprises, *NHCN*



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Reinsulation market hit by government energy codes

The new government model energy codes have fired up interest in the reinsulation market. But dealers are still waiting to see the effects on sales and margins.

Both CertainTeed and Owens-Corning Fiberglas are currently promoting the new recommendations from the Department of Energy (DOE) for existing homes and the Council of American Building Officials (CABO) for new homes.

According to DOE estimates, 42 percent of all residential housing has insulation levels below its recommendations. Vendors have therefore seized on these findings to persuade consumers to increase R-values and insulate new areas.

Rigid insulation manufacturers have also responded by modifying their marketing strategies. Foamular has sent out letters and promotions to its customers, and Dow will launch a new advertising campaign this fall to tie its products to the new recommendations.

Consumer interest is there but just how far it has percolated through to sales is still not yet evident.

Owens-Corning Fiberglas received between 200 and 300 calls a day in response to its TV spots highlighting the new DOE recommendations, which gave consumers a 1-800-GET PINK number to call for a free booklet on the recommendations. It also handled over 3,000 calls the week that its print ad broke in *Time* magazine, according to Jim Schmeideskamp, and now expects to distribute 250,000 copies of its energy booklet by the fall.

This June, CertainTeed will launch a new poster and DOE map which the dealer can stick on his contractor counter to increase awareness. The new aids follow the theme of how much insulation a home really needs. CertainTeed is also working with a number of dealers to produce ad slicks based on the DOE map.

Retailers have responded by carrying a wider range of fiberglass insulation products. For example, West Building Materials in Atlanta began selling R-25 insulation only last year.

Manville Corp., the Denver-based company, has streamlined its product assortment with new packaging that emphasizes higher R-value products, which were introduced at the National Home Center Show this past March.

Edward Hines Lumber changed its newspaper advertising last year to show customers its breadth of assortment and began running training seminars for its sales people with the DOE residential insulation recommendations.

But ironically, dealers' margins have not increased as the consumer and contractor upgrade.

"Basically, dealers are advertising the [higher R-values] more so those are competitively priced now too," said Greg Wessling, vp-merchandising, building materials at Lowe's.

Insulation sales are slow so far this year, but dealers are hoping for a stronger fall.

"The gas pumps are making people more energy conscious," said Robert Long, product manager for Dow. "They are starting to brace themselves for what might be coming down the road."

The extruded foam insulation market has received a boost from contractors and remodelers upgrading to its product from blackboard due to its thermal and moisture resistant qualities.

Also, the growth in vinyl siding and residing, particularly in the North, has led to more use of both the pink board produced by Foamular and the blue board of Dow's STYROFOAM brand insulation.

Both manufacturers are aggressively pursuing alternative raw materials, having agreed to phase out the use of chlorofluorocarbons (CFC's), which are depleting the ozone layer.

Dow intends to be the first company to begin using substitutes when it opens its new plant in Torrance, Calif., this July 1.

Insulation continues to be heavily promoted, and Knauf now has a year-round co-op advertising program, which pays dealers $150 for every truckload of insulation purchased.

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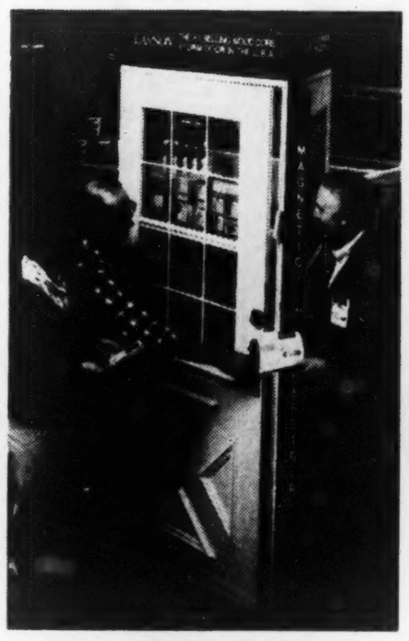

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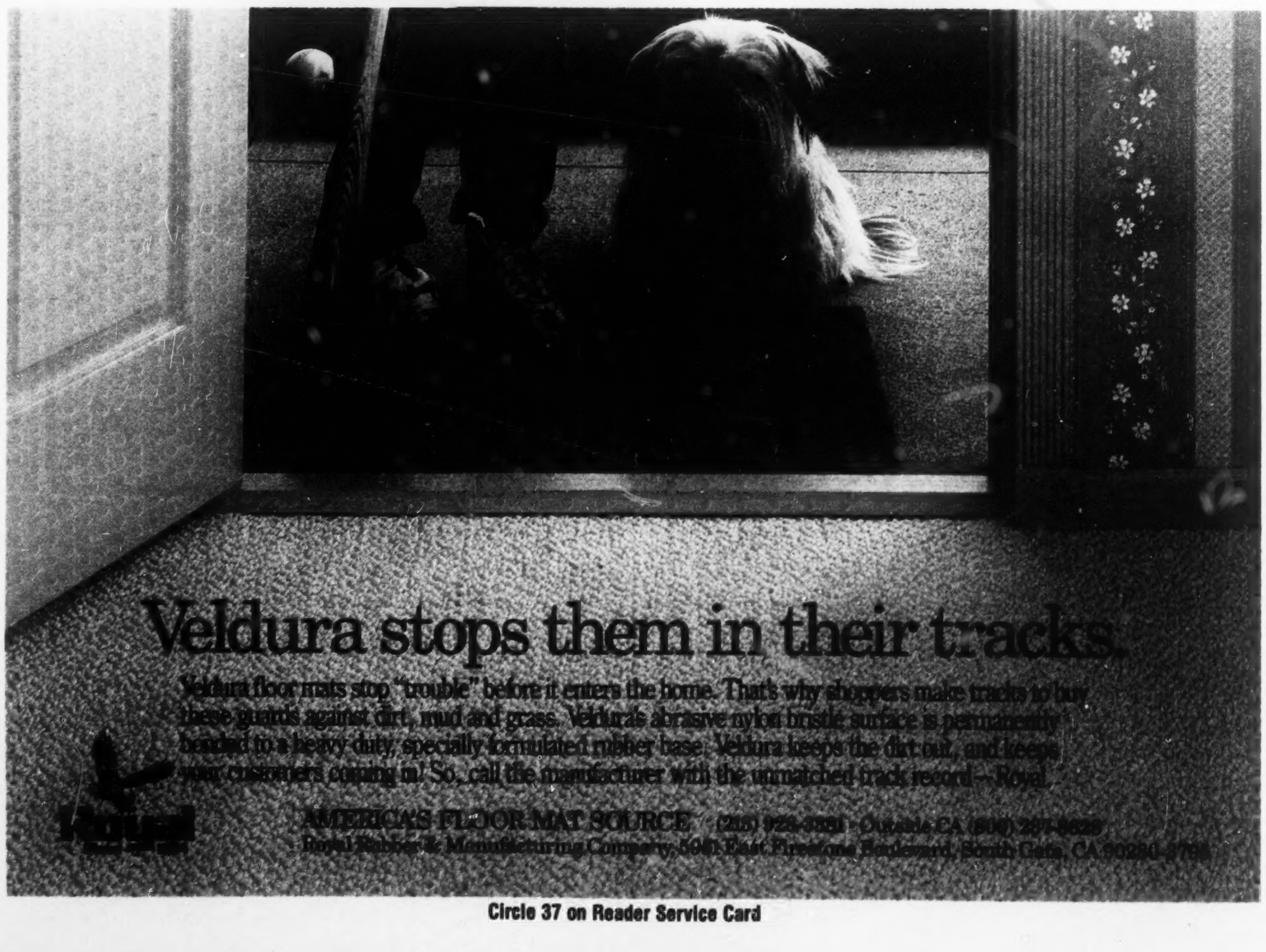

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Flat new home sales boost window remodeling

Windows used in repair and remodeling projects outsold those involved in new home construction in 1988, continuing a trend which began the year before.

This is no big surprise, since new home sales remain essentially flat and home centers target repair and remodeling business more than ever.

The number of windows used in new construction declined by 4 percent to 17.1 million units last year, according to the National Wood Window and Door Association (NWWDA).

The number of windows purchased for repair and remodeling projects increased 9 percent for the same period, from 22.4 million to 25.1 million, NWWDA reported.

Last year was a "strong flat year," said a sales and marketing vp for one window supplier, who noted that it was coming off "one heck of a good year" in 1987.

Nineteen eighty-eight was a year of growth, but "not straight up," according to the spokesman of another manufacturer.

The wood window market continues to grow at the expense of aluminum, due, in part, to the soaring price of aluminum last year.

Aluminum windows used in new construction in 1988 still maintained the largest share of the market, with 47 percent versus 40 percent for wood and clad wood combined. But that is down from aluminum's 64 percent market share (versus 30 percent for wood and wood clad) in 1984, the NWWDA reports.

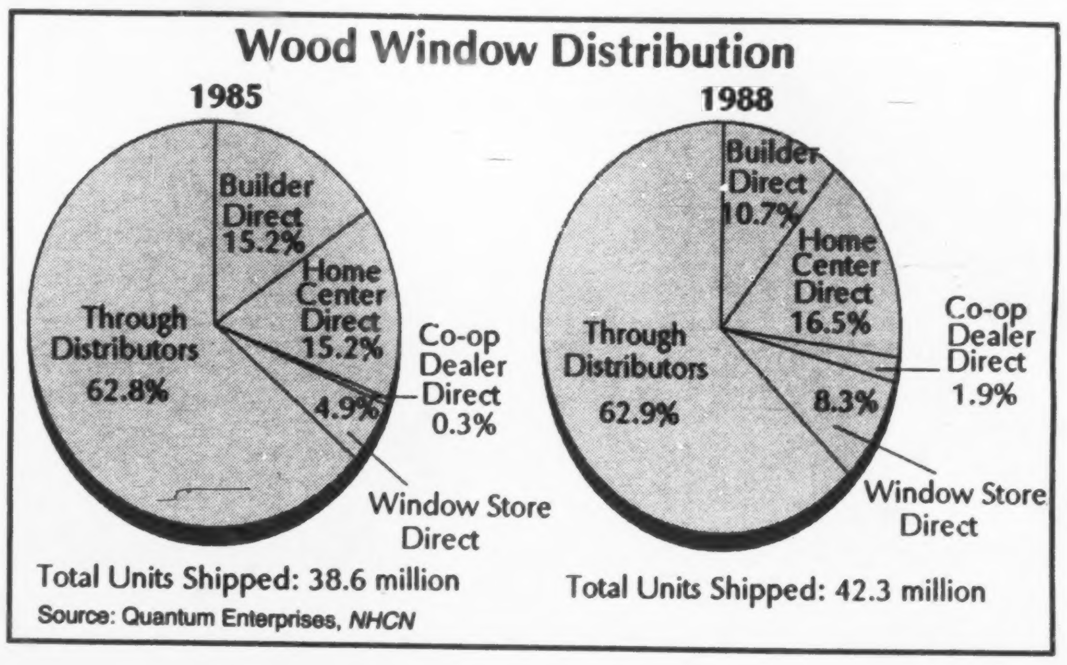
In repair and remodeling, aluminum frames lost market share to clad wood and vinyl. Vinyl made the strongest gains here, almost doubling its market share to 31 percent between 1984 and 1988.

People who are shopping for these items are changing, and one supplier predicted 1989 may mark the beginning of different, more creative marketing techniques to get the attention of baby boomers. Since these consumers are often buying their second or third home, they are trading up and buying more upscale products, including windows.

Home centers' efforts lauded

That is one reason suppliers agree the more expensive custom-built and geometric-shaped windows continued gaining market share in 1988. While no one could peg what market share these windows enjoy, one vendor estimated their growth doubled in 1988.

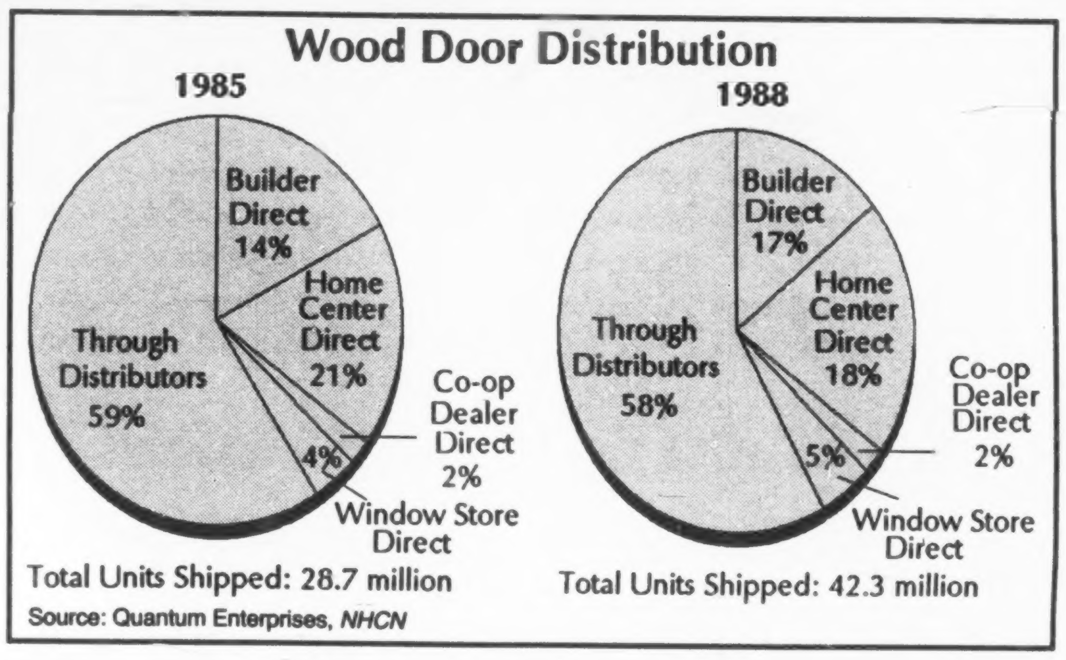
"Retailers who make an effort, they're going to do just fine," said one supplier's official. But others who let the products sell themselves and allow displays to collect dust cannot expect profits in selling windows.



Total Units Shipped: 38.6 million

Total Units Shipped: 42.3 million

Source: Quantum Enterprises, *NHCN*



Total Units Shipped: 28.7 million

Total Units Shipped: 42.3 million

Source: Quantum Enterprises, *NHCN*

Consumers demand more style from door makers

Doors in 1988 continued to become more stylish and upscale, and no longer "just fill an opening," as one supplier put it.

"People want to make a personal statement" with the doors in their homes, said a spokesman with one door manufacturer.

That statement seems to be that people are no longer satisfied with the practical purpose of a door. They also view it as a decorative item, with one manufacturer's spokesman adding doors are being viewed as a"design element" bringing to mind a new art form.

"Like everything else, it's getting too complicated," joked Tom Deckard, vp and director of purchasing at Bender Lumber, the six-store dealer in Bloomington, Ind.

Suppliers say they saw more knowledgeable and price conscious people shopping for doors in 1988. But because they are price conscious, that does not mean they will not spend large sums on these items.

Bender Lumber recently sold a $2,700 package of two doors with sidelights for a main entryway. And one manufacturer noted that some of its wooden doors are routinely installed in homes worth more than $300,000.

"People are looking to improve their homes," said another supplier. "They're tired of leaking, drafty doors and windows. They're finding it's worth the commitment to quality."

With new home construction flat at best in 1988, repair and remodeling customers received more than their fair share of attention. One supplier estimated there was a 50-50 split last year between doors for installation in newly constructed homes and those for existing homes.

Patio doors also posted strong gains among repair and remodeling installations. The National Wood Window and Door Association (NWWDA) reports 2.9 million patio doors were used in repair and remodeling in 1987 and estimates 3.2 million for 1988, a 10 percent jump.

The number of patio doors for use in new home construction fell 6 percent, from 1.8 million to an estimated 1.7 million for the same period, the NWWDA said.

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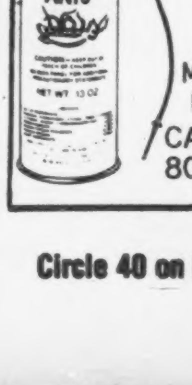

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Raw material costs hike up price of synthetic molding

Historically less costly than wood molding, so-called synthetic "prefinished" molding is becoming more expensive than wood in some instances because of price hikes in raw materials.

Molding prices "did a flip-flop" last year as a result of dramatic increases in the cost of materials such as styrene resins used in non-wood molding, said Bob Simon, vp-sales and marketing for Gossen Corp., a Milwaukee-based supplier.

Whether made of synthetic materials or real wood, molding continued to be a popular DIY product for retailers who like its high profit margin potential.

The Wood Moulding and Millwork Producers Association (WMMA), Portland, Ore., reported that a record amount of wood molding—461.1 million board feet—was sold in 1987, the most recent year for which figures are available.

Retailers report that hardwoods are among the fastest-growing profiles in unfinished molding, with oak and poplar continuing to be in high demand.

The fashion trend in most DIY-oriented product categories is reflected in high-end moldings as well: larger-width moldings,which make a statement with ornate stylings and color variety, are especially popular.

The upgrading of molding's fashion orientation from "plain" to "decorator" has allowed DIY dealers to maintain the high gross-margin potential on molding profiles.

David Harries, advertising and corporate communications director for Abitibi-Price Corp., based in Troy, Mich., said it is likely that consumers "will go less-expensive on paneling and pay more for molding. We don't encourage dealers to put molding on sale because they don't need to."

"Consumers are getting more design-conscious" in their home remodeling projects, elaborated Harries, whose company recently introduced several additional color choices in its molding profiles.

Abitibi-Price is among several molding suppliers that have developed more sophisticated point-of-sale project literature to "give people an idea of how to use molding in different applications" related to wallcovering or paneling, he added.

In new product innovations, Marion, Va.-based DG Mouldings has addressed the consumer demand for high-quality wood molding at a less-expensive price point. DG Mouldings' recently introduced Oak Originals pine substrate, which has the appearance of stained oak, according to John Judd, marketing manager.

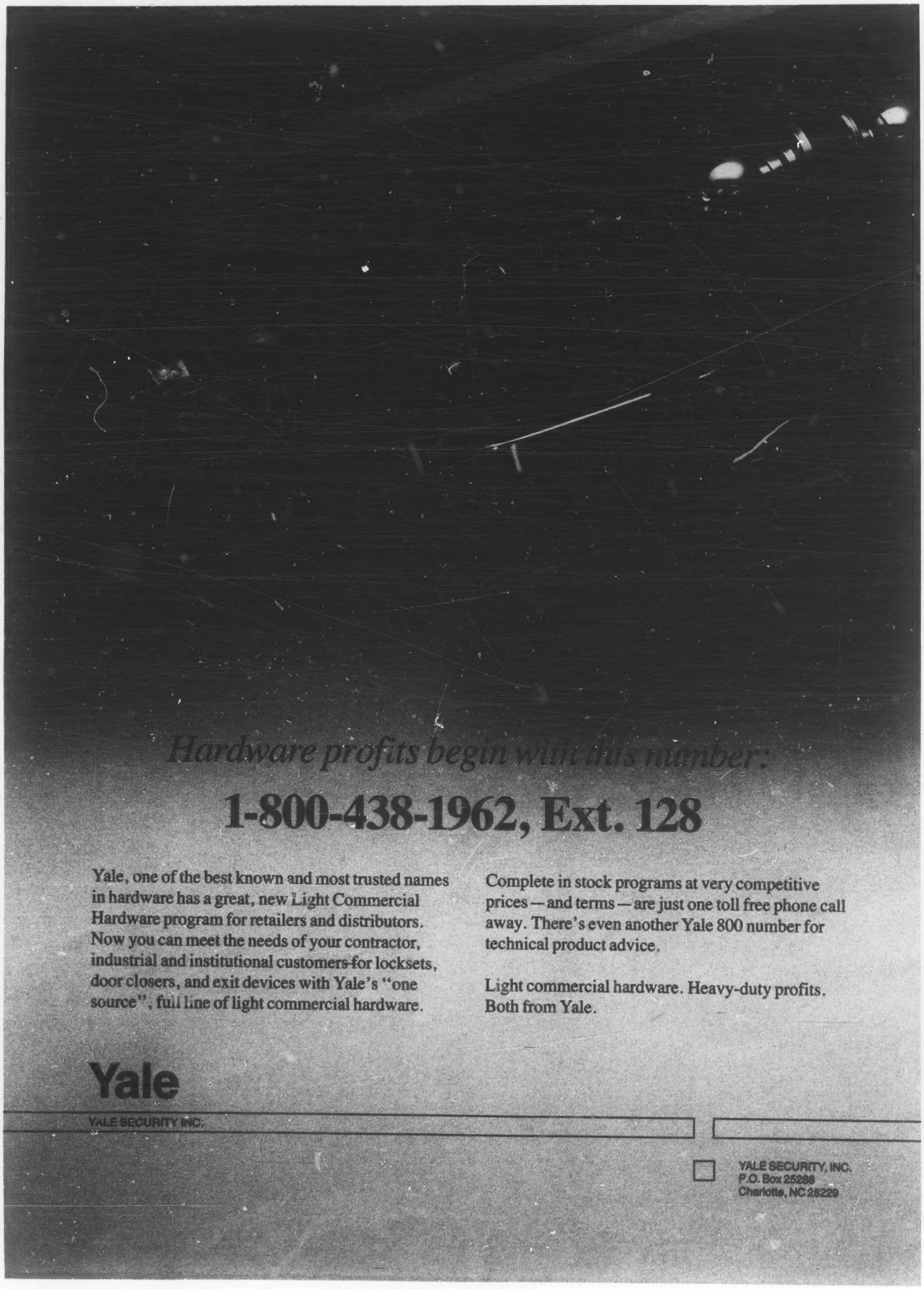
The philosophy behind the development of Oak Originals is "hassle-free molding" that looks even better than real wood because the molding does not have blemishes or other imperfections inherent in wood.

In-store merchandising techniques, meanwhile, are enhancing the ability of DIY dealers to expand molding sales.

DG Mouldings' Judd asserted that such traditional merchandising techniques as point-of-purchase brochures have taken on added importance to explain the convenience of molding now that it is available in ready-to-apply, prestained, precut lengths.

Looking to the future, manufacturers were reluctant to comment on potential price hikes this year related to the rising costs of raw materials.

"We're going to make 1989 as good as we can," said one manufacturer. Regarding price increases, he added, "The better retailers recognize that good vendors need to make a profit to be in business."



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Lumber dealers face dwindling supply, demand

After nearly a decade of furious activity, the repair and remodeling industry slowed in 1988, setting the stage for changes becoming even more pronounced in 1989.

Because of the changes last year, the lumber market today is at the unusual point of decreased demand and decreased supply. While retailers reported record sales last year, that may have been sales from products already in the pipeline, accounting for lower than expected prices at year-end. At store level this translates to flat or incrementally higher prices on dimensional lumber than in 1988, and increasing problems with supply.

Growth in the oriented strandboard (OSB) and waferboard markets last year combined with a decrease in the supply of western veneers. Veneer plywood panel demand for sheathing was down, although higher grade siding and sanded products sustained their high consumer demand.

Demand disappointing

But when it came to buying the products, "Demand, overall, was disappointing," explained Sherman Chao, forest products analyst with Salomon Brothers in New York. After a growth spurt in the 1980s and annual nine percent and 10 percent expansion, the repair and remodeling sectors slowed to just three and four percent growth in 1988.

The Western Wood Products Association (WWPA) reported a similar slowing. Sales of timber products reported to the WWPA fell by four to five percent in 1987 and a similar drop occurred last year. Fred Reseburgh, director of economics for the WWPA, pegged the falloff to a general slowdown in the economy as well as a decline in housing starts.

Continued slowdowns

For 1989, Reseburgh predicts continued slowdowns because of rising interest rates and federal timber set-asides in the West.

"In some instances slowdowns aren't that bad. It allows the industry to step back and assess itself," he said.

The greatest slowing in repair and remodeling work was in New England and New York, according to Hawk Furman, president of Boston's Furman Lumber, a national wholesaler. A combination of the high cost of land and overbuilt markets slowed demand there. But, adds Furman, markets like Florida, Michigan, Chicago and the West Coast are strong. Even Houston is coming back,as is Dallas.

Prices were "lackluster" in 1988, Chao observed. And that isn't expected to change much in the next several months.

"Roller coaster" year

At retail, prices have fallen from 1988 levels. A senior lumber buyer with a chain in Chicago described 1988 as a normal "roller coaster" year with prices rolling up in the first two months, falling the next two months and rising again during the May-July building season. Western spruce-pine-fir (SPF) started 1988 in the high $190 range. It finished the year in the mid-$170s, due primarily to a glut in the market.

Over the year a load of spruce 2x4s moved up and down $40. With most orders in for the 1989 summer season, wholesalers and retailers reported, prices moved just $20 from August 1988 levels.

However, demand and prices for specialized species, particularly clear Douglas fir, remained high. Clear boards, the home center select category, continued to be in good supply, said one leading manufacturer, although long-term supplies are shrinking.

"There's still a struggle for the mills to make a profit," said the senior manager in the West.

According to the American Plywood Association (APA), oriented strandboard and waferboard (OSB) production and sales grew in 1988 (over 1987) while veneer and structural panels sales fell over 1987. In 1988, 22.6 million square feet of ⅜-inch plywood were sold versus 22.9 million square feet in 1987. OSB sales grew to 4.6 million square feet in 1988 versus 4.1 million in 1987.

New labor contracts in Western mills caused some anxiety last year but, Chao explains, no appreciable price increases. Negotiations at Roseburg Lumber, Roseburg, Ore., broke down late last year, sending that mill into a protracted 1989 strike. The strike also affected an estimated 40 percent of the western sanded plywood market, originally adding some $50 to panel prices.

Out in the yards, treated lumber took a tumble last summer as temperatures soared and boards bent in the heat. Retailers said mid-summer deck projects were put on hold. But remodeling of existing decks, with new porch rails and spindles, opened up a new and growing category of such decorative wood specialties.

NRHA seeks dues hike as reorganization cuts services

(Continued from page 5)

publishes the monthly magazine *DIY Retailing*.

Up to $25 a year by 1991

After charging member dealers just 50 cents a year since 1900, the NRHA proposes to increase dues to $20 in 1990 and $25 in 1991, according to affiliates of the 23,000-member organization.

While the dues hike isn't assured, some affiliates believe members must pay more.

"It makes business sense that we'd move away from 50 cent dues when a stamp costs a quarter," explained David Loving, managing director and senior staff member of the NRHA. Loving said NRHA is continuing to expand its educational programs and is more proactive on the legislative front on behalf of retail hardware dealers.

For instance, Loving explained, the NRHA was one of three groups testifying May 17 before a U.S. Senate committee on tax code revisions concerning estate tax. Later that day NRHA representatives met a staff member of Vice President Quayle.

Affiliates charge each dealer $80 to $150 or more a year. Of that, $6 is returned to the NRHA: $5 for the dealer's annual subscription to *DIY Retailing*, 50 cents for dues and 50 cents to the association's Russ Mueller Foundation. The rest goes to cover operating and program costs of the affiliate.

Assn. posted 1988 loss

In addition to dues, NRHA revenue comes from its extensive educational programs, retail marketing and retail research services which include market study and site planning, and *DIY Retailing*. Last year, NRHA posted a net operating loss of $801,000 on net sales of $8.536 million, according to reports filed with the State of Indiana. In the last year, the NRHA expanded its income base by contracting with the major hardware cooperatives to supply training programs to co-op dealers.

As announced earlier, the NRHA is dropping several services. Probably the largest loss to individual NRHA dealers is the elimination of the co-op advertising collection program, several affiliates said. The program, operating for "a number of years," was not cost effective, Loving said. It will, however, continue the service for Cotter & Company dealers on Cotter's exclusive private label program.

The dropping of the store design program in Indianapolis was not unexpected. The dismissal of its manager Norm Newman came as a surprise, although Newman will remain in a consulting capacity.

While a leader in store design for many years, and a fixtures broker until 1984, demand for NRHA's Master Merchant program declined in the last four years. This was due to affiliates taking more control. And clients like the hardlines co-op Ace Hardware, for which NRHA was providing store remodeling, signage and inventory control services, decided to handle these in-house.

In addition, the Indianapolis office was seen as competition for services from affiliates like the Ohio, Western, Wisconsin, New England, Michigan and New York hardware associations. These associations developed store design staffs as long as 25 years ago. Many made the estimated $250,000 investment in computer-aided design hardware.

And sales from fixtures and accessories, the profit center in an otherwise regular member service, declined. In the last 10 years, according to Jeff Flora of the Western Association affiliate in Kansas City, Mo., demand for whole store designs and store fixtures declined while competition from new fixturing sources increased.

The NRHA also made money consulting for manufacturers on consumer shopping habits, specific product market share or new product feasibility. In its effort to focus more on retailers, the NRHA closed its manufacturers consulting program, transferring those projects to a new company headed by Brad Farnsworth.

Farnsworth was executive director of the association's Home Center Institute (HCI) until the May cuts. His new company, the Farnsworth Group, also employs Frieda West, former HCI director.

The HCI will be headed by Steve Johnson, NRHA's director of education and management support services. HCI becomes a part of the retail services division headed by Hal Marsolais, an association vice president.

B&D's second quarter earnings rise 22 percent, 16 percent higher than '88 2Q

By an NHCN staff editor

TOWSON, Md. — Second quarter earnings at Black & Decker Corp. rose 22 percent to $25.9 million while sales for the same period a year ago were up only 6 percent, not quite as high as the world's largest power tool supplier has been generating in previous quarters.

The earnings translated into 44 cents per share, a 22 percent jump over last year's 36 cents per share.

Second quarter sales of $571 million were 7 percent higher when what B&D called the "adverse effects of foreign currency" is excluded. Six-month sales rose 11 percent to $1.150 billion.

For the six months ended March 26, net earnings of $64.2 million, or $1.09 per share, were 23 percent higher than $52.3 million, or 89 cents per share, of last year.

B&D's power tool group enjoyed double-digit growth.

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